IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE THE UNITED STATES PURCHASING THE SECURITIES IN RELIANCE ON REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT").

IMPORTANT: You must read the following before continuing. The following applies to the preliminary offering memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the preliminary offering memorandum. In accessing the preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from the Issuer or any Initial Purchasers (in each case as defined in the preliminary offering memorandum) as a result of such access.

The preliminary offering memorandum has been prepared in connection with the proposed offer and sale of the securities described herein (the "Offering"). The preliminary offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE PUBLISHED, FORWARDED, DISTRIBUTED OR OTHERWISE MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the preliminary offering memorandum or make an investment decision with respect to the securities, investors must be non-U.S. persons purchasing the securities outside the United States in reliance on Regulation S. The preliminary offering memorandum is being sent at your request. By accepting the e-mail and accessing the preliminary offering memorandum, you shall be deemed to have represented to the Issuer and the Initial Purchasers that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission; and

(2) you and any customers you represent are non-U.S. persons outside the United States and the e-mail address that you gave the Issuer and to which the preliminary offering memorandum has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the preliminary offering memorandum to any other person.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The preliminary offering memorandum has been prepared on the basis that any offer of the securities referred to herein in any Member State of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the securities referred to herein. This document is an advertisement and not a prospectus for the purposes of the Prospectus Directive. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

In the United Kingdom, the preliminary offering memorandum is not being distributed, nor has it been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") by an authorized person under the FSMA. The preliminary offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The preliminary offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The securities are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Prohibition of Sales to EEA Retail Investors: The securities described in the preliminary offering memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering, selling or distributing the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Professional Investors and ECPs Only Target Market: Solely for the purposes of the product approval process of Citigroup Global Markets Limited and Goldman Sachs International (the "Manufacturers"), the target market assessment in respect of the securities described in the attached preliminary offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

The preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Initial Purchasers, or any person who controls any of the Initial Purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

The information in this preliminary offering memorandum is not complete and may be changed. This preliminary offering memorandum is not an offer to sell the Notes and is not soliciting an offer to buy the Notes in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 23, 2019

PRELIMINARY OFFERING MEMORANDUM

NOT FOR DISTRIBUTION IN THE UNITED STATES STRICTLY CONFIDENTIAL

eircom Finance DAC

€ % Senior Secured Notes due 2026

eircom Finance DAC (the "Issuer") is offering (the "Offering") aggregate principal amount of its % senior secured notes due 2026 (the "Notes").

The Notes will bear interest at a rate of % and will mature on , 2026. Interest on the Notes will accrue from , 2019 and will be payable semi-annually on and , commencing on , 2019.

Prior to , 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes by paying a "make whole" premium. On or after , 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes, at any time or from time to time, upon not less than 10 nor more than 60 days' notice, at the redemption prices set forth in this offering memorandum. In addition, at any time prior to , 2022, the Issuer may redeem at its option up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at the redemption price specified herein, *provided* that at least 50% of the original aggregate principal amount of the Notes remains outstanding after the redemption. Furthermore, the Notes may be redeemed at a price equal to their principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain change of control events or asset sales, the Issuer may be required to offer to repurchase the Notes at 101% or 100% of the principal amount thereof, respectively, plus accrued and unpaid interest to the date of the repurchase.

The Notes will be senior secured obligations of the Issuer and will rank equal in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes, rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes, be effectively senior to all of the Issuer's existing and future unsecured indebtedness to the extent of the assets securing the Notes and be contractually subordinated in right of payment to certain hedging obligations. The Notes will be guaranteed on a senior secured basis (the "Guarantees") by eircom Limited (Jersey) (the "Company"), eircom Holdings (Ireland) Limited ("EHIL") and by certain of EHIL's subsidiaries (each, a "Guarantor" and together the "Guarantors"), all of which are guarantors of, or borrowers under, our existing senior facilities (the "Senior Facilities"). Subject to certain limitations under applicable law, the Guarantees will rank equal in right of payment with all existing and future senior indebtedness of the Guarantors that is not subordinated in right of payment to the Guarantees, rank senior in right of payment to all existing and future indebtedness of the Guarantors that is subordinated in right of payment to the Guarantees, be effectively senior to all of the Guarantors' existing and future unsecured indebtedness to the extent of the assets securing the Guarantees and be contractually subordinated in right of payment to certain hedging obligations and potentially future debt under super senior revolving credit facilities. Within five business days following the Issue Date (as defined below), the Notes and their Guarantees will be secured by security interests over the same assets that secure the Senior Facilities and certain hedging obligations, including equity interests, bank accounts, intercompany receivables and other assets of the Issuer, the Guarantors and Eircom Holdco S.A. subject to certain excluded assets, agreed security principles and perfection requirements. The collateral securing the Notes and the Senior Facilities may also secure certain additional indebtedness in the future. Under the terms of the Intercreditor Agreement (as defined herein), proceeds from the enforcement of the security will be applied to repay indebtedness in respect of certain hedging obligations and potentially future debt under super senior revolving credit facilities in priority to the Notes and the Senior Facilities. The security interests and Guarantees, as well as certain claims against the Issuer, will be subject to contractual and legal limitations, including limitations under Irish law. Security interests and Guarantees may be released under certain circumstances.

For a detailed description of the Notes, see "*Description of the Notes*" beginning on page 192.

There is no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of the Notes on the Official List of The International Stock Exchange (the "Exchange") and permission to deal in the Notes. There can be no assurance that the Notes will be listed on the Official List of the Exchange or that such permission to deal in the Notes on the Official List of the Exchange will be granted. This preliminary offering memorandum (the "Offering Memorandum") may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 35.

Offering Price for the Notes: % of principal plus accrued interest, if any, from the Issue Date.

None of the Notes and the Guarantees of the Notes have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offering is being made in reliance on Regulation S under the U.S. Securities Act. The Notes are not transferable except in accordance with the restrictions described under "*Transfer Restrictions.*"

The Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by a Global Note, which we expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") on or about , 2019 (the "Issue Date").

Joint Global Coordinators and Joint Bookrunners

Citigroup **Goldman Sachs International**

Joint Bookrunners

BNP PARIBAS **Credit Suisse** **J.P. Morgan**

Co-Managers

Morgan Stanley **Natixis** **Société Générale**

Offering Memorandum dated , 2019.

IMPORTANT INFORMATION

This offering memorandum is confidential and has been prepared by us solely for use in connection with the Notes. This offering memorandum is personal to each offeree and does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell any Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See "*Transfer Restrictions.*"

Neither we, the Initial Purchasers, any of our or their respective representatives nor the Trustee are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business, tax or other advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. In making an investment decision regarding any of the Notes, you must rely on your own examination of the Issuer and the terms of the Offering, including the merits and risks involved.

By accepting delivery of this offering memorandum, you agree to the foregoing restrictions, to make no photocopies of this offering memorandum or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. The Initial Purchasers are not making any representation or warranty that this information is accurate or complete and are not responsible for this information. In this offering memorandum, we have summarized certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information.

The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum.

The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information. We have accurately reproduced the information set out in this offering memorandum describing clearing and settlement arrangements including "*Book-Entry, Delivery and Form*," and as far as we are aware and able to ascertain from third-party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Notes will be available initially only in book-entry form. We expect that the Notes offered hereby will be issued in the form of a global note, which will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global note will be shown on, and transfers of beneficial interests in the global note will be effected only through, records maintained by Euroclear and/or Clearstream and their participants, as applicable. See "*Book-Entry, Delivery and Form.*"

The Notes are subject to restrictions on transferability and resale, which are described under the caption "*Transfer Restrictions.*" By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of your investment for a long period of time.

We reserve the right to withdraw the offering at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

We cannot guarantee that the application we will make to the Authority for the Notes to be listed and admitted to trading on the Official List of the Exchange will be approved, and settlement of the Notes is not conditional on obtaining this admission to trading.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering memorandum under the "*Transfer Restrictions*" section of this offering memorandum.

The Issuer is not and will not be regulated by the Central Bank of Ireland as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland.

The Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, which, if commenced, may be discontinued. Specifically, the Initial Purchasers may over-allot in connection with the offering and may bid for and purchase Notes in the open market. For a description of these activities, see "*Plan of Distribution*."

NOTICE TO INVESTORS

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States. The Notes may only be offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions.*"

Neither the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offence.

Notice to investors in the European Economic Area

European Economic Area

This offering memorandum has been prepared on the basis that all offer of Notes will be made pursuant to an exemption under the Prospectus Directive, as amended, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes which are the subject of the Offering contemplated in this offering memorandum must only do so in circumstances in which no obligation arises for the Issuer, the Guarantors or any Initial Purchaser to produce a prospectus for such offer. None of the Issuer, the Guarantors or the Initial Purchasers has authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, and includes any relevant implementing measure in the Relevant Member State (as defined below).

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. This offering memorandum has been prepared on the basis that any offers or sales of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers or sales of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive.

Solely for the purposes of the product approval process of Citigroup Global Markets Limited and Goldman Sachs International (the "Manufacturers"), the target market assessment in respect of the Notes described in this offering memorandum has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

Grand Duchy of Luxembourg

This offering memorandum has not been approved by and will not be submitted for approval to (i) the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg ("Luxembourg") for the purposes of a public offering or sale, in Luxembourg, of the Notes or admission to the official list of the Luxembourg Stock Exchange ("LxSE") and trading on the LxSE's regulated market of the Notes or (ii) the LxSE for the purposes of admitting the Notes to the official list of the LxSE and trading on the LxSE's Euro MTF market. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, or listed or traded on the LxSE's regulated market or the LxSE's Euro MTF market, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the applicable Luxembourg law of July 10, 2005 on prospectuses for securities, as amended.

Ireland

The Notes may not be underwritten or placed:

- otherwise than in conformity with the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) of Ireland and any rules issued by the Central Bank of Ireland pursuant to section 1363 of the Companies Act 2014 of Ireland (as amended, the "Companies Act");
- otherwise than in conformity with provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "MiFID II Regulations"), including, without limitation, Regulation 5 (Requirement for Authorisation (and certain provisions concerning MTFS and OTFS)) thereof, or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- otherwise than in conformity with the provisions of the Companies Act 2014, the Central Bank Acts 1942 - 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended); and
- no action may otherwise be taken in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act.

Jersey

The Jersey Financial Services Commission (the "Commission") has given, and has not withdrawn, its consent under Article 8(2) of the Control of Borrowing (Jersey) Order 1958 to the circulation in Jersey of the offering memorandum by the Issuer.

The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

United Kingdom

In the United Kingdom, this offering memorandum is only being distributed to and is only directed at persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Order"), (ii) are persons falling within Article 49(2)(a) to (d) of the Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom, or "FSMA") in connection with the issue or sale of any Notes may lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). Accordingly, by accepting delivery of this offering memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION, WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD LOOKING STATEMENTS

This offering memorandum includes forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition, liquidity, and the development of the industry in which we operate are consistent with the forward looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- the impact of a potential downturn in the Irish economy;
- legal, political and economic uncertainty surrounding the proposed exit of the United Kingdom from the European Union;
- increasing competition in the Irish telecommunications market;
- consolidation in the Irish telecommunications market;
- substitution of other services for our products and services;
- our ability to successfully implement our strategy to reduce churn and gain new subscribers;
- our ability to acquire sufficient rights to offer a compelling sports content offering;
- extensive regulation and regulatory initiatives aimed at increasing competition;
- our ability to successfully compete in data services;
- increased competition in the broadband market as a result of government initiatives;
- our ability to maintain our favorable brand image and develop new brands;
- changes in technologies and markets that require us to make substantial investments in our network and systems;
- our ability to achieve anticipated returns on investments;
- our dependence on network sharing agreements;
- dependence on third parties to distribute products, provide customer care and procure customers;
- our ability to effectively deploy new or enhanced technologies;
- our ability to implement our cost saving measures;
- our dependence on the proper functioning of, and our ability to continuously upgrade, our network, IT, and other systems;
- our unaudited consolidated financial statements have not been prepared in accordance with IFRS; and
- other factors discussed or referred to in this offering memorandum.

We urge you to read the sections of this offering memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Business*" and "*Regulation*" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward looking events described in this offering memorandum may not occur.

We undertake no obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, statements in this offering memorandum regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which we operate are based on data, statistical information, sector reports and third-party studies as well as on our own estimates.

We operate in an industry in which it is difficult to obtain precise industry and market information. We have generally obtained the market and competitive position data in this offering memorandum from the following reports:

- Reports published by The Commission for Communications Regulation ("ComReg"), the Irish telecommunications regulator, including the reports containing market information as of (i) December 31, 2018, published on March 14, 2019 (19/22), (ii) September 30, 2018, published on December 13, 2018 (18/113), (iii) June 30, 2018, published on September 13, 2018 (18/79), (iv) March 30, 2018, published on June 14, 2018 (18/49), (v) December 31, 2017, published on February 9, 2018 (18/07), (vi) December 31, 2015, published on March 10, 2016 (16/17) and (vii) March 31, 2015, published on June 11, 2015 (15/49);
- ComReg's Assessment of Mobile Network Operators' Compliance with Licence Obligations (Coverage) Winter 2018 report published on March 25, 2019 (19/26);
- Statistics and data gathered and published by the Irish Central Statistics Office;
- Statistics and data gathered and published by the European Statistical System ("Eurostat");
- The UK Office of Communications ("Ofcom") Communications Market Report published on August 2, 2018;
- Data published on Euronext Dublin's website;
- Disclosures made by the Central Intelligence Agency in the Central Intelligence Agency World Factbook;
- Reports by the Comision Nacional de los Mercados y la Competencia, including a report titled "Telecommunications and Audiovisual Sector Economic Report 2017";
- Reports published by Body of European Regulators for Electronic Communications ("BEREC"), including report titled "Termination rates at European level" report published by in July 2018;
- SIRO Limited Directors' report and financial statements for the year ended December 31, 2017 as filed at the Companies Registration Office;
- Ireland Communicates Survey 2017, published by ComReg (18/23a);
- The European Commission's Winter 2019 Economic Forecast—Ireland;
- Data gathered and published by BrandFinance Ireland on their website;
- Data gathered and published by GlobalData on their website; and
- Data gathered and published by Ovum TMT Intelligence ("Ovum") on their website.

To the extent that information was taken from third parties, such information has been accurately reproduced by us in this offering memorandum and, as far as we are aware and able to ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Moreover, market studies and analyses, however, are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is by nature forward-looking and speculative.

We have not verified the figures, market data and other information used by third parties in our studies, publications and financial information, or the external sources on which our estimates are based. We therefore assume no liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in this offering memorandum or for the accuracy of data on which our estimates are based.

This offering memorandum also contains estimations of market data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on our own market observations, the evaluation of industry information (such as from conferences and sector events) or internal assessments. We believe that our estimates of market data and the information we have derived from such data helps investors to better understand the industry we operate in and our position within it. Our own estimates have not been checked or verified externally. We nevertheless assume that our own market observations are reliable. We give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources.

PRESENTATION OF FINANCIAL DATA

Financial Information

IFRS Financial Data

In this offering memorandum, we present consolidated financial data for EHIL, the ultimate parent company of our restricted group, including consolidated financial data as of and for the years ended June 30, 2016, 2017 and 2018 extracted from EHIL's audited consolidated non-statutory financial statements as of and for the years ended June 30, 2016, 2017 and 2018, each prepared in accordance with IFRS, which are included elsewhere in this offering memorandum.

Our consolidated financial statements prepared in accordance with IFRS as of and for the years ended June 30, 2016, 2017 and 2018 have been audited by PricewaterhouseCoopers, which was EHIL's independent auditors for such periods. PricewaterhouseCoopers resigned as auditor to EHIL effective December 19, 2018.

Non-IFRS Financial Data

In this offering memorandum, we present unaudited consolidated financial data for EHIL, including:

- consolidated financial data as of and for the six months ended December 31, 2017 and 2018 extracted from EHIL's unaudited condensed consolidated financial statements as of and for the six months ended December 31, 2018, which are included elsewhere in this offering memorandum; and
- certain summary financial data as of and for the twelve months ended December 31, 2018 derived mathematically by adding the financial data for the six months ended December 31, 2018 to the financial data for the year ended June 30, 2018 and subtracting the financial data for the six months ended December 31, 2017.

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

IFRS 15 replaces IAS 18 (*Revenue*) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019 and we will have to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as at July 1, 2018.

This impact was not reflected in our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 and, as a consequence, such financial statements are not presented in accordance with IFRS.

Based on management estimates, IFRS 15, once implemented, will not have a material impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods.

Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There can be no assurance that our estimates are correct until such time as we adopt IFRS 15 and IFRS 9 for our consolidated financial statements as of and for the year ended June 30, 2019. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

Adjusted Financial Data

In addition to financial data described above, in this offering memorandum, we present certain adjusted financial data that gives effect to changes in our accounting policies.

From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra Ireland Communications Limited ("Tetra") is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations.

Pro Forma Financial Data

In this offering memorandum, we present certain unaudited *pro forma* financial information, which gives effect to the Transactions (as defined below under "*Certain Definitions*") as though they had occurred on December 31, 2018 for the purposes of balance sheet data and as of January 1, 2018 for the purposes of income statement data. The unaudited *pro forma* data is provided for illustrative purposes only and do not purport to represent what our actual results of operations or financial position would have been if the Transactions had occurred, in the case of debt metrics, on December 31, 2018 or, in the case of interest expense, on January 1, 2018. The unaudited *pro forma* data set out in this offering memorandum is based upon available information and certain assumptions and estimates that we believe are reasonable.

Other Non-IFRS Financial Data

We present certain other Non-IFRS financial data in this offering memorandum including EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA, EBITDA margin, Adjusted EBITDA margin, capital expenditure, net working capital movement, net debt and leverage and coverage ratios. These are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS. These measures are not measures of our financial performance under IFRS and should not be considered in isolation or as an alternative to operating profit, cash flow from operating activities or any other measures of performance or liquidity prepared in accordance with IFRS.

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. Non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating result as reported under IFRS. Other companies in our industry may calculate these measures differently and, consequently, our presentation may not be readily comparable to other companies' figures. In particular, you should not consider EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA, EBITDA margin, Adjusted

EBITDA margin, capital expenditure, net working capital movement, net debt and leverage and coverage ratios as an alternative to (a) operating profit (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operations, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA, EBITDA margin, Adjusted EBITDA margin and net debt and leverage and coverage ratios have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for an analysis of our results as reported under IFRS.

Rounding adjustments have been made in calculating some of the financial information included in this offering memorandum in order that the totals in some tables equal the arithmetic aggregations of the figures that precede them.

CERTAIN DEFINITIONS

In this offering memorandum:

- "2022 Notes" refers, collectively, to the €500,000,000 aggregate principal amount of the Issuer's 4.50% Senior Secured Notes due 2022 issued on June 17, 2016 and the €200,000,000 aggregate principal amount of the Issuer's additional 4.50% Senior Secured Notes due 2022 issued on August 8, 2016, in each case governed by the 2022 Notes Indenture, which we intend to redeem on May 31, 2019 following satisfaction and discharge of the 2022 Notes Indenture on the Issue Date;
- "2022 Notes Indenture" refers to the indenture dated June 17, 2016, among, *inter alios*, the Issuer, the guarantors named therein, Deutsche Trustee Company Limited as trustee and Wilmington Trust (London) Limited as security agent, as amended and/or supplemented from time to time, under which the 2022 Notes were issued;
- "2022 Notes Repayment" refers to the redemption on May 31, 2019 of the entire principal amount of the 2022 Notes;
- "Churn" refers to the percentage of subscriber/line disconnections during a given period. Churn rates are calculated by dividing the number of disconnections of subscribers/lines during the period by the average number of subscribers/lines in the same period, where the average number of subscribers/lines in the period is the average of the total number of subscribers/lines at the beginning of the period and the total number of subscribers/lines at the end of the period. Where we present mobile churn rates, the average number of subscribers does not include postpaid subscribers without an active contract and prepaid subscribers whose SIM card is connected to the network, but who have not paid for top-up or who have not decreased their balance in the previous 90 days by means of a transaction such as an outgoing call, SMS, MMS or mobile Internet usage. We define the percentage change in a churn rate as the movement on the number of losses between the prior period and the current period divided by the number of losses in the prior period;
- "Clearstream" refers to Clearstream Banking, S.A.;
- "Company" refers to eircom Limited (Jersey), a private limited company incorporated in Jersey with registration number 116389 and, as the context requires, its subsidiaries on a consolidated basis;
- "$" or "dollars" or "U.S. dollars" refers to the lawful currency of the United States;
- "EHIL" and "Parent Guarantor" refer to eircom Holdings (Ireland) Limited, a private limited company incorporated in Ireland with registration number 512352, and not to any of its subsidiaries;
- "eircom Limited (Ireland)" refers to eircom Limited, a private limited company incorporated in Ireland with registration number 98789;
- "eircom Limited (Jersey)" refers to eircom Limited, a private limited company incorporated in Jersey with registration number 116389;
- "ESOT" or the "ESOT Trustee" refers to the eircom Employee Share Ownership Trust;
- "Facility B6" refers to the senior secured term loan facility B6 in an aggregate principal amount of €1.6 billion made available under the Senior Facilities Agreement;
- "Facility B7 Additional Facility Notice" mean, the additional facility notice to the Senior Facilities Agreement to be entered into to document Facility B7;
- "€," "euro" or "EUR" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- "EU" refers to the European Union;
- "Euroclear" refers to Euroclear Bank SA/NV;
- "Examinership" refers to the petition of eircom and certain of its subsidiaries on March 29, 2012, to the High Court in Ireland for court protection and the appointment of an examiner and the subsequent placement into examinership under the Companies Act, 2014, as amended, in order to give effect to a restructuring of the debt of eircom;
- "IFRS" refers to International Financial Reporting Standards adopted by the European Union;
- "Indenture" refers to the indenture to be dated on or about the Issue Date, among, *inter alios*, the Issuer, the guarantors named therein, Deutsche Trustee Company Limited as Trustee and Wilmington

Trust (London) Limited as Security Agent, as amended and/or supplemented from time to time, under which the Notes will be issued;

- "Initial Purchasers" refers to, collectively, Citigroup Global Markets Limited, Goldman Sachs International, BNP Paribas, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Natixis and Société Générale;
- "Intercreditor Agreement" refers to the intercreditor agreement dated April 18, 2017, by and among, *inter alios*, EHIL and Wilmington Trust (London) Limited as Security Agent;
- "Issuer" refers to eircom Finance DAC, a designated activity company registered in Ireland with company number 524458;
- "Notes" refers to € aggregate principal amount of the Issuer's % senior secured notes due 2026 offered hereby;
- "Original Senior Facilities" refers to the facilities made available under the Original Senior Facilities Agreement, including a revolving facility and a senior secured term loan facility B5 ("2017 Senior Facilities"), which we repaid and cancelled in April 2017;
- "Original Senior Facilities Agreement" refers to the senior facilities agreement dated June 11, 2012, as amended and restated on January 22, 2013, on March 14, 2013, on April 4, 2014, as amended on August 22, 2014, as amended and restated on June 11, 2015 and amended on July 16, 2015, as amended and restated on June 14, 2016, August 11, 2016 and October 19, 2016 and as further amended on November 14, 2016, among, *inter alios*, EHIL, Wilmington Trust (London) Limited as agent and security agent and the lenders thereunder;
- "Postpaid ARPU" refers to the measure of the sum of the total postpay mobile subscriber revenue including revenue from incoming traffic in a period divided by the average number of postpay mobile subscribers in the period divided by the number of months in the period, where the average number of mobile subscribers in the year is the average of the total number of mobile subscribers including mobile broadband at the beginning of the period and the total number of mobile subscribers including mobile broadband at the end of the period;
- "£" or "pounds sterling" refers to the lawful currency of the United Kingdom;
- "Prepaid ARPU" refers to the measure of the sum of the total prepaid mobile subscriber revenue including revenue from incoming traffic in a period divided by the average number of prepaid mobile subscribers in the period divided by the number of months in the period, where the average number of mobile subscribers in the period is the average of the total number of mobile subscribers including mobile broadband at the beginning of the period and the total number of mobile subscribers including mobile broadband at the end of the period;
- "Refinancing Transactions" refers, collectively, to the actions relating to the issuance of the Notes, the entry into security documents and other finance documents related to the issuance of the Notes, the utilization under Facility B7 and the use of proceeds therefrom including the 2022 Notes Repayment as described under "*Summary—The Transactions*";
- "Retail broadband ARPU" refers to the average of total revenue from broadband services (net of broadband bundle discount) divided by the average number of retail broadband subscribers in each period, where the average number of subscribers in each period is the average of the total number of subscribers at the beginning of the period and the total number of subscribers at the end of the period;
- "Retail fixed voice ARPU" refers to the average of retail access rentals (PSTN and ISDN excluding connection revenue) and net core voice revenue (net of all rental discounts including promotional discounts) divided by the average number of access subscribers in each period, where the average number of access subscribers in each period is the average of the total number of access subscribers at the beginning of the period and the total number of access subscribers at the end of the period;
- "Revolving Facility" or "Revolving Credit Facility" refers to the revolving credit facility in an aggregate principal amount of up to €100 million made available under the Senior Facilities Agreement;
- "Senior Facilities" refers to the facilities made available under the Senior Facilities Agreement, including the Revolving Facility, Facility B6 and Facility B7;
- "Senior Facilities Agreement" refers to the facilities agreement entered into on or about April 18, 2017, by and among, *inter alios*, EHIL, Wilmington Trust (London) Limited as agent and security agent and the lenders thereunder;

- "Tetra" refers to Tetra Ireland Communications Limited, a private limited company incorporated in Ireland with registration number 406355;
- "Total ARPU" refers to the total mobile subscriber revenue in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period, where the average number of mobile subscribers in the period is the average of the total number of mobile subscribers including mobile broadband at the beginning of the period and the total number of mobile subscribers including mobile broadband at the end of the period;
- "Transactions" refers, collectively, to the Refinancing Transactions and the actions relating to the drawing under the Revolving Credit Facility to be used, together with cash on balance sheet, to make a distribution to our shareholders, as described under "*Summary—The Transactions*";
- "Trustee" refers to Deutsche Trustee Company Limited;
- "United States" or "U.S." refers to the United States of America;
- "U.S. GAAP" refers to generally accepted accounting principles in the United States; and
- "eircom," "we," "us," "our," "eir," "Group" and other similar terms refer to EHIL and its subsidiaries and do not give effect to the Transactions described in this offering memorandum, unless expressly stated otherwise or the context otherwise requires.

We have included a glossary of selected technical and other terms used in this offering memorandum beginning on page G-1.

EXCHANGE RATE INFORMATION

The table below set forth, for the periods indicated, the period end, average, high and low Bloomberg Composite Rate (New York) expressed as U.S. dollars per euro. The Bloomberg Composite Rate is a "best market" calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications. The ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The average rate for a year means the average of the closing Bloomberg Composite Rates on the last business day of each month during the relevant period. The average rate for a month, or for any shorter period, means the average of the closing Bloomberg Composite Rates on each business day during the relevant period. Neither we nor the Initial Purchasers make any representation that the euro or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could in the future be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The table below sets forth, for the period from January 1, 2014 through April 18, 2019, the Bloomberg Composite Rate expressed as U.S. dollars per euro.

	Dollars per €1.00			
	High	**Low**	**Period average(1)**	**Period end**
Year				
2014	1.3932	1.2098	1.3285	1.2098
2015	1.2103	1.0497	1.1102	1.0856
2016	1.1532	1.0389	1.1069	1.0520
2017	1.2036	1.0406	1.1300	1.2005
2018	1.2509	1.1218	1.1809	1.1469
Month				
October 2018	1.1593	1.1312	1.1480	1.1312
November 2018	1.1453	1.1218	1.1362	1.1320
December 2018	1.1469	1.1304	1.1376	1.1469
January 2019	1.1543	1.1303	1.1420	1.1448
February 2019	1.1459	1.1268	1.1347	1.1371
March 2019	1.1414	1.1194	1.1299	1.1217
April 2019 (through April 18, 2019)	1.1304	1.1204	1.1255	1.1241

(1) In respect of the yearly data, the average of the rate on the last business day of each month during the relevant period. In respect of the monthly data, the average of the rate on each business day during the month.

The above rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts could have been converted into dollars at any particular rate, if at all.

SUMMARY

The following summary highlights significant aspects of our business and the offering, but you should carefully read this entire offering memorandum to understand the structure of the offering, our business, the risks associated with investing in the Notes, the terms of the Notes, and the tax and other considerations that are important to an investment decision.

Overview

We are the sole telecommunications provider in Ireland that offers quad-play bundles on its integrated network, and we offer a range of retail and wholesale services. We are the principal provider of fixed line telecommunications and the third largest mobile telecommunications provider in Ireland.

Our fixed line division provides high-speed broadband, voice and data services to individual consumers, business users and to wholesale customers. The fixed line division contributed 78% of our revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach. Our revenue market share of the total fixed line Irish market was 46.3% for the quarter ended December 31, 2018. Our mobile division provides standalone mobile services to consumer and business customers and is also included as part of our bundled offerings. The mobile business contributed 27% of our total revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. Revenue for the twelve months ended December 31, 2018 was €1,266 million and Adjusted EBITDA was €560 million.

A core element of our strategy is bundles, which offer customers the convenience of receiving high-speed broadband, TV (including exclusive sport content), telephony and mobile services from a single provider, at an attractive price and on one bill. In 2012, we launched our fixed/mobile convergence ("FMC") bundle, providing customers with bundled fixed voice and broadband products and also mobile offerings. We commercially launched eir Vision, our IPTV service over our fiber network, in 2014, becoming at the time the first quad-play provider of fixed voice, broadband, mobile and TV services in Ireland. We continue to evolve our TV proposition which now includes video on demand, TV everywhere and additional sports content through the acquisition of Setanta Sports Ireland, which was re-branded as eir Sport in July 2016.

We are focused on convergence and long-term customer lifetime value, and our strategy is to connect everyone and everything in Ireland, whether by high-speed broadband, voice, mobile data or enterprise datacomms. This strategy is underpinned by a major program of capital expenditure which has facilitated the transformation of our business. Between June 30, 2012 and December 31, 2018, we spent €2 billion on capital expenditure, which includes the roll-out of our Next-Generation Access ("NGA") fiber network, the roll-out of our 4G network and improvements on 3G coverage and capability, as well as investments in spectrum. We were the first operator in Ireland to roll-out 4G services and our fiber network now passes over 1.9 million homes and businesses in Ireland. Our vision for our customers is a converged future with seamless access to fixed and mobile services and the launch of our voice over wi-fi ("VoWiFi"), the first in the Irish market, and voice over broadband ("VoBB") is a testament to that. We also expect in due course to introduce voice over long-term evolution ("VoLTE") services.

We have announced an additional discretionary €500 million investment plan over five years to roll-out fiber to the home ("FTTH") to a further 1.4 million premises across urban and suburban Ireland, which is expected to commence in July 2019, as well as a €150 million mobile network investment to update and expand our mobile network with a view to increasing significantly our high-speed mobile data capabilities and expanding 4G coverage to 99% of the outdoor geography of Ireland.

We generate virtually all of our revenue in Ireland where substantially all of our reported subscribers and customers are located. Demand for our products and services, including the penetration of high-speed broadband and TV bundles, ARPU and the number of subscribers, is influenced by a number of factors, including the strength of the Irish economy. Ireland had the fastest growing economy in the European Union at 6.7% GDP growth in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average across the 28 member states of the European Union ("EU-28") (*Source:*

Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency). In terms of the overall Irish telecommunications market, total market revenue (including retail and wholesale revenue but excluding satellite pay-TV) was €3.5 billion for the twelve months ended December 31, 2018 (*Source:* ComReg).

Fixed line services

We are the largest provider of fixed line telecommunications services in Ireland, offering broadband, voice, TV, datacomms and managed services to individual consumers and business users under the eir brand. We also offer other authorized operators ("OAOs") a range of wholesale services including high-speed broadband, voice and managed services under our open eir brand. According to quarterly data published by ComReg (*Source:* ComReg 19/22), we had a market share for the quarter ended December 31, 2018 of 46.3% of the Irish retail and wholesale fixed line market, based on revenue. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach, and other network operators therefore rely heavily on our infrastructure. We are also the leading provider of broadband services in Ireland with 465,000 retail and 471,000 wholesale customers as of December 31, 2018, and an overall market share of 68% of fixed broadband as of December 31, 2018. As of December 31, 2018, we had approximately 1,331,000 access paths in service (including standalone broadband ("SABB") and wholesale Local Loop Unbundling ("LLU")).

Revenue (before inter-segment eliminations) from our fixed line services was €959 million for the twelve months ended December 31, 2018. Adjusted EBITDA from our fixed line services was €464 million for the twelve months ended December 31, 2018.

Mobile services

We are the third largest mobile operator in Ireland in terms of revenue and customers. Our Mobile division is comprised of both consumer and eir business mobile. According to data published by ComReg for the quarter ended December 31, 2018, we had an overall mobile market share of 16.6% based on the number of subscribers, including mobile broadband, and 18.5% mobile market share based on revenue, a market principally comprised of three large players: Vodafone Ireland Ltd ("Vodafone"), Three Ireland (Hutchinson) Limited ("Three") and eir. Our mobile handset market share as of December 31, 2018 was 19.8% according to data published by ComReg. Our strategy is to maximize customer lifetime value within the mobile business whether through standalone propositions or bundling with fixed line services. We have invested heavily in the network and, in 2013, we became the first mobile operator to launch 4G services in Ireland.

As of December 31, 2018, 53% of our customer base was in postpay contracts and the remainder in prepay contracts. Revenue (before inter-segment eliminations) for our mobile division for the twelve months ended December 31, 2018 was €340 million. Adjusted EBITDA of the mobile division was €95 million for the twelve months ended December 31, 2018. Adjusted EBITDA margin of the mobile division was 28% for the twelve months ended December 31, 2018.

Our Strengths

A strong Irish macroeconomic environment supports an attractive telecommunications market with high regulatory visibility

We operate in Ireland, a country with strong macroeconomic growth drivers and an attractive telecommunications market. We believe eir is well-positioned to benefit from the positive trends in this market.

With a growing population of approximately 4.8 million as of March 2019, a 3.3% increase since 2015, Ireland is a developed market economy with nominal GDP per capita in 2017 of €61,200 compared to €39,600 for Germany, €34,300 for France and €35,400 for the UK (*Source:* Eurostat). Ireland had the fastest growing economy in the European Union at 6.7% in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1%

in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average for EU-28 (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency).

The Irish telecommunications market, which includes fixed line, mobile and broadcasting (including cable) sectors, accounted for an estimated €3.5 billion in retail revenues for the twelve months ended December 31, 2018 (*Source:* ComReg 19/22). The fixed broadband market is comprised of four main competitors: eir, Vodafone, Virgin Media, and Sky Ireland, with an additional group of other smaller operators. Of the main operators, we have the leading market share based on fixed retail broadband subscriptions at 32.5% as of December 31, 2018 (*Source:* ComReg 19/22). Furthermore, we have unmatched fiber infrastructure covering 79% of Irish premises. At 68.5% for 2018, fixed broadband household penetration in Ireland (*Source:* ComReg 19/22) is lower than in the majority of other Western European countries, estimated at 88% in the UK, 82% in France and 71% in Germany for 2018 (*Source:* GlobalData Plc.—Pyramid Research), and we therefore continue to see an opportunity for growth in this area. The mobile market currently has three mobile network operators (“MNOs”): eir, Three and Vodafone. There are also a number of Mobile Virtual Network Operators (“MVNOs”) currently active in the market, which together account for less than 10% of market share. We had a revenue market share (including mobile broadband and Machine to Machine (“M2M”)) of 18.5% for the quarter ended December 31, 2018 (*Source:* ComReg 19/22). Data usage and bandwidth consumption have been increasing rapidly, driven by the adoption of fiber-based fixed line services and 4G network infrastructure to deliver high quality fast access to data anytime, anywhere. Moreover, telecommunication services are increasingly sold in bundles with convergence in the residential market between voice and data communication as well as TV services. As a single-country focused operator, we are the only operator in Ireland that wholly owns material infrastructure underlying each of the four services (fixed voice, high speed fixed broadband, mobile and Internet Protocol television (“IPTV”)).

The Irish market also offers a supportive regulatory environment with high visibility for continued development of an infrastructure-based telecommunications business, with a focus on promoting investments in infrastructure and leading technologies. Regulation within Ireland is consistent with the EU and the next change expected is the transposition of the EU Communications code by end of 2020. The next market review by ComReg is not expected to take place until 2023. We retain a regular constructive dialogue with ComReg and have recently partnered with it to put an independent oversight board in place over the next five years in charge of overseeing our compliance with its regulatory governance obligations.

We are the leading fully converged quad-play telecom operator focused on Ireland, and the only player with ownership of its fixed and mobile networks

We are a fully converged telecommunications operator, offering a suite of fixed line and mobile services, including high-speed broadband, TV, voice and mobile services, to a diversified group of retail, business and public sector customers. We have successfully rolled out bundled offers over recent years. As of December 31, 2018, over 77% of our customers were on a dual-play or greater bundle, with 31% on triple- or quad-play bundles compared to 72% and 27%, respectively, as of December 31, 2017. This compares well to the wider Irish market for which only 23.8% of retail subscriptions were triple- and quad-play as of December 31, 2018 (*Source:* ComReg 19/22).

We continuously strive to strengthen our bundling and converged strategy. In January 2014, we commercially launched eir Vision, an IPTV service, over our fiber network, which made us the first operator in Ireland to offer quad-play bundles at the time. As of December 31, 2018, we had approximately 80,000 eir Vision subscribers, compared to approximately 74,000 as of December 31, 2017. Our differentiating video content was bolstered with the acquisition of Setanta Sports Ireland, later rebranded “eir Sport” in July 2016. Through this acquisition, we have secured exclusive and attractive sports content including Premier League, Champions League and Europa League football, and have further built on our sports content offerings by adding or extending rights for the Rugby World Cup, Pro-14 Rugby, Gaelic Athletic Association (“GAA”) and Masters Golf, among others.

We have been consistently increasing our revenue generating units (“RGU”) per household, which was 2.38 as of December 31, 2018 (up from 2.25 as of December 31, 2017). We believe there is significant potential for cross-selling and up-selling our fixed line voice, broadband, mobile and TV services, which will increase RGU's per household and result in lower churn in our subscriber base over time.

We believe our leading position in bundled services is further supported by the large fixed and mobile investments we have made in our network infrastructures over time, making us the only provider with full ownership of network infrastructures in both fixed line and mobile services today.

We are the market leader in retail broadband with strong brand recognition

We are the leading retail broadband in a highly competitive market, with 32.5% market share based on fixed retail broadband subscriptions as of December 31, 2018 (*Source:* ComReg 19/22), followed by a second operator with 26.4%, notwithstanding that the market has been fully liberalized since 1998 and infrastructure competition has developed and intensified in the last five years.

Our broad service offering means that we can take advantage of the growth opportunity in the converging telecommunications and media markets with support from customer demand for high speed data services and high quality content anytime, anywhere, on any device.

The Irish fixed broadband market has continued to grow. According to ComReg, the Irish fixed broadband per household penetration rate as of December 31, 2018 was 68.5%, representing an increase of 2.2% compared to December 31, 2017. Total household broadband penetration including mobile remains at 88% (higher than the benchmarked EU 28 average of 86%). ComReg reported overall fixed residential broadband subscriptions (i.e., excluding business subscriptions and mobile broadband subscriptions) of approximately 1.3 million as of December 31, 2018.

In the last market research that Brand Finance (*Ireland 25 2019*) published in March 2019, eir was ranked the highest valued telecom brand and number 11 of the top 25 most valuable Irish brands overall in 2019. We believe our market recognition gives us an advantage when it comes to providing bundled products.

We are the undisputed leader in fixed wholesale, with the only national network

We have the largest core fiber network in Ireland, with approximately 13,500 km of lines and 1.9 million premises passed as of December 31, 2018 or 79% of the total passed with NGA, as well as a copper infrastructure covering virtually all of the remaining premises. This comprehensive network compares to a cable footprint of approximately 0.9 million for Virgin Media. Through our wholesale division, open eir, we have a market share of 35.1% of the wholesale fixed broadband network for the period ending December 31, 2018 (*Source:* ComReg 19/22). Together with our retail broadband market share, our fixed broadband network holds a 67.7% market share in Ireland.

In the wholesale market, we provide a broad range of infrastructure and managed services such as wholesale line rental, bitstream, line share, LLU, capacity-based products and interconnect services. We provide the capability for other operators to provide retail services to customers, as well as high capacity backhaul services for MNOs to connect their radio sites.

Our wholesale division operates on a non-discriminatory basis, offering a range of regulated services (including fiber) on "open access" basis, meaning it is available to other operators in the market on an equivalent basis to our retail division, which drives the most efficient utilization of the asset and provides us with additional revenue opportunities.

The majority of operators, including Vodafone, BT, and Three, are significant customers of our wholesale business and rely on our core and access networks for the provision of mobile backhaul services as well as services to their end user consumer and business customers, particularly given our unmatched network coverage in approximately two thirds of the country. Consequently, we often gain some wholesale business if we lose retail or business customers to OAOs.

Our well-invested next generation fixed and mobile infrastructure are reinforced by an ongoing future-proofing investment program

Between June 30, 2012 and December 31, 2018, we spent €2 billion on capital expenditure, which included the roll-out of our NGA fiber network, the roll-out of our 4G network and improvements on 3G coverage and capability, as well as investments in spectrum. These substantial investments have resulted in an extensive fiber network infrastructure in Ireland, delivering the next generation of broadband data services and a mobile network that achieves an estimated 96% outdoor population coverage for 4G and 99% for 3G.

Fixed Network

We have constructed an extensive NGA fiber network, having invested approximately €665 million by December 31, 2018. As of December 31, 2018, we had passed approximately 1.6 million premises with Fiber to the Cabinet ("FTTC") technology, which offers broadband speeds of up to 100 Mb/s with the aid of vectoring technology. We have also nearly completed the roll-out of high speed broadband to 335,000 premises in rural Ireland, using predominantly FTTH technology, and, as of December 31, 2018, we had passed approximately 246,000 premises in rural areas bringing the total of FTTH premises to approximately 307,000. As of December 31, 2018, approximately 670,000, or 72%, of our broadband customers signed up to our NGA fiber services, compared to approximately 595,000, or 65%, as of December 31, 2017.

We believe the reach and quality of our network allows us to offer highly attractive and competitive services in terms of speed, capacity, content, connection reliability and cost efficiency. Our state-of-the-art network has enabled us to launch a range of entertainment services on fiber, including TV services.

Mobile Network

We have a nationwide radio access base station network with approximately 2,060 mast sites. This network is complemented by our network sharing agreement with Three, the scope of which is based on passive antenna sharing for 2G, 3G and 4G until 2030, when each operator will deploy its own radio access network ("RAN") equipment and possess service independence.

In the 2012 multiband spectrum auction, we acquired 2×10MHz in the 800MHz and 900MHz Digital Dividend spectrum bands and 2×15MHz in the 1800MHz band. The acquired multiband license is valid until 2030 and we have utilized all acquired spectrum for provision of voice and high speed mobile data services. In the 2017 3.6 GH/z spectrum auction, we acquired 85MHz in the main urban centres and 80 MHz in the rural regions. The 3.6 GHz band is suitable for introducing new 5G services, addressing mobile capacity constraints, and is a core band for providing and improving fixed wireless broadband services particularly in rural areas. These spectrum rights run for fifteen years, expiring on July 31, 2032.

We were the first to launch 4G mobile services in Ireland and currently have an estimated 96% outdoor population coverage as of December 31, 2018, compared to 95% as of December 31, 2017 and 26% as of September 30, 2013, when we launched this service. According to speed tests undertaken by ComReg in late 2018, our 4G mobile network has the fastest stationary download speeds at 22.8 Mbps, as compared to 18.3 Mbps for Vodafone and 18.3 Mbps for Three (*Source: ComReg 19/26).*

We believe the investments in our mobile network and the network sharing arrangement with Three gives us a platform to continue to capitalize on the growth of mobile data throughout Ireland and improve the existing coverage footprint in rural and urban locations.

Ongoing investment program to future-proof our network

While we have built a market leading, state-of-the-art fixed and mobile infrastructure through significant investments over time, we remain committed to further developing and future-proofing our network by investing in the latest network technologies and believe this will also make us more competitive versus other operators in key cities. We have announced an additional discretionary €500 million investment plan to roll-out FTTH to a further 1.4 million premises across urban and suburban Ireland to commence in July 2019. This is in direct continuation of our previous nationwide FTTC coverage investment program by now adding the last mile connection to homes with FTTH.

We have also launched a €150 million mobile network investment to update and expand our mobile network that we expect to significantly increase our high-speed mobile data capabilities and expand 4G coverage to 99% of the outdoor geography of Ireland. The first site with new equipment went live in December 2018 and over the course of two years we plan to update the equipment at each of our existing sites and expand the site footprint by approximately 25%. As part of this investment, beginning in the second half of 2019, we will also launch 5G in Dublin and the major Irish cities in order to deliver the most technologically advanced mobile data services in Ireland.

We believe that our investment plans uniquely position us to meet customer demand for high speed services, as well as providing the critical high capacity fiber backhaul services required by mobile operators to meet the growing demand for mobile data services and deliver our primary goal of having the best network for our customers. We believe that the growth in data traffic will increase utilization of our NGA fiber network and, given the planned quality and reach of our network, we expect it will enable us to further differentiate our network in the medium term.

We have an agile and highly efficient organization, with attractive cost structure, moving towards best-in-class

Our management and our principal shareholder, NJJ, are focused on our cost structure and, leveraging their combined experience, we have embarked on a group-wide efficiency and simplification plan to make eir one of the most efficient telecommunications operators in Europe.

We have already commenced multiple initiatives that will help deliver revenue and profit growth, including:

- Product streamlining: We have meaningfully reduced the potential product combinations available to our customers. For example, in July 2018, we had 68 voice plans, which has been cut to 11 today, of which only two are being actively sold;
- Investing in and rebuilding our IT: We have initiated the process of retiring legacy systems and building new customized IT stacks to operate a more efficient organization. This is removing complexity linked to the number of systems as well as reducing maintenance costs. We have identified and started to meaningfully reduce the number of IT applications used across the company, including billing systems, monitoring tools and business intelligence front end tools;
- Process simplification: We have implemented new ways of working to create a more agile organization, less dependent on gated processes, which had high overhead costs, and instead develop processes that target our resources selectively. Our product and IT revamp also support simpler processes.

As a result of this process, we have been able to better allocate our resources which has enabled us to undertake a voluntary redundancy program. We have relied on our experience in dealing with all stakeholders, including employees and trade unions, in order to ensure an efficient process, with no disruption, in line with our track record. This was completed at the end of 2018 and associated savings will be realized over the course of the year.

We have a highly attractive cash flow profile with significant proportion of discretionary capex and strong de-leveraging track record

Our business is strongly cash generative, with an Adjusted EBITDA of €520 million and €560 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively. We have continued to generate significant cash flows in the face of competitive pressures by having an increased focus on relevant bundles, improving operational efficiencies and reducing costs through our efficiency program. We generated net operating cash flows of €367 million and €380 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively. We have a strong track record of achieving cost savings and have decreased operating expenses from €577 million to €443 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively, and increased our Adjusted EBITDA margin from 41% to 44% for the same periods which is above the median of select Western European telecommunications operators of 35% (based on KPN, BT, TDC and Orange Belgium (Source: company filings)).

As a result of our significant investments to date, we have a well invested fixed and mobile network. As such, our recently announced future investment plans are largely discretionary (approximately €500 million in fixed over five years and €150 million in mobile infrastructure) and can be scaled back if necessary. Furthermore, as we complete our FTTH roll-out, we expect future associated network maintenance cost and capital expenditure requirements to be meaningfully lower compared to traditional legacy copper networks. Together, this further reinforces our objective to deliver an attractive cash flow profile and a strong operational deleveraging trajectory as previously demonstrated. From June 30, 2016 to December 31, 2018, our adjusted net leverage (including Tetra) decreased from 4.4x to 3.7x (with adjusted net leverage of 4.1x, 4.1x, 4.0x and 3.9x for the quarters ended December 31, 2017, March 31, 2018, June 30, 2018 and September 30, 2018, respectively). We are targeting leverage of 3.5x to 4.0x.

We have an experienced management and shareholder team with track record of delivery

Our management team has extensive experience operating in both the Irish and international telecommunications markets and other industries. Our Chief Executive Officer, Carolan Lennon, who joined us in 2010 and was appointed CEO in April 2018, having held senior positions in both the retail and wholesale divisions at eir and having over 14 years of international mobile experience, previously first worked as marketing director and subsequently as consumer director with Vodafone Ireland. Our Chief Financial Officer, Stephen Tighe, joined in May 2007 and was appointed CFO in April 2018, and has over 15 years of experience. He has grown through the organization, holding a number of key finance positions including Finance Director for consumer as well as our wholesale businesses. Both our CEO and CFO, as well as many other key individuals within the organization, have been promoted from within and have in-depth knowledge of the company having held a variety of roles prior to taking on more senior positions.

Our management team has demonstrated its skill and delivery capability in the critical areas of cost reduction, increasing efficiencies, increasing market position, rolling out infrastructures and commercial offerings such as NGA and 4G, as well as working effectively with key stakeholders, including ComReg. Our management team also has sophisticated commercial and financial expertise gained through completing numerous complex transactions.

NJJ is a supportive and highly involved shareholder, with an average of 18 years of experience in telecommunications and a track record of successfully operating other telecommunication companies. For example, Salt's EBITDA margin increased from approximately 32% before it was acquired by NJJ in 2018 to approximately 45% during its last financial year and its EBITDA conversion rate increased from approximately 55% pre-acquisition to approximately 65% during its last financial year. The four key members of the NJJ team are heavily involved in the eir business and work hand-in-hand with the eir management team. Furthermore, NJJ reviews and drives our strategy and communicates on a weekly basis with our management team to further refine our strategic objectives. Our costs, expenses and capital expenditures are reviewed on a continuous basis together with NJJ.

Our Strategy

Connecting is our core business. We are responding to the growing customer demand for continuous fast and reliable accessibility, whether for high-speed broadband, calls, TV or mobile services, by further investing in our fixed and mobile infrastructure, the foundation on which our services are based. Bundling and convergence are core to our strategy. Coupled with a best-in-class fixed and mobile infrastructure, we continue to drive our successful transformation from a telephony company to a converged telecommunications company where our customers increasingly subscribe to multiple products within our offering.

Our goal is the creation of value by maintaining our market leadership in the fixed line market and capturing value in the mobile market, while maximizing operational efficiencies and maintaining strict cost discipline. We are leveraging our extensive fixed and mobile reach and making significant investments in our networks to provide our retail, business and wholesale customers with a full range of standalone and bundled telecommunications services.

The key elements of our strategy are:

Continue to invest in our next generation fixed and mobile networks with early adoption of future-proof new technologies

Our NGA fiber network currently passes 1.9 million premises, representing 79% of premises in Ireland as of December 31, 2018 and our copper network infrastructure covers the substantial remainder. We are making additional investments to our fixed network to further support our superior offering compared to our competition, by continuing the roll-out of our 1 Gb/s FTTH network of approximately 307,000 premises passed as of December 31, 2018 to 1.7 million premises across urban and suburban Ireland, commencing in July 2019 (to reach approximately 81% of Irish premises). This is supported by a discretionary €500 million investment program, covering FTTH, over five years.

We expect that such investment will let us:

- further capture the opportunities presented by bundling to increase RGUs per customer and maximize customer lifetime value, by extending the reach and penetration of our triple- and quad-play services (which include TV services), and leveraging the eir Sport content;
- maintain high levels of customer service and strong brand recognition to secure customer loyalty; focusing on retaining and winning back customers through re-contracting activities, bundled services offerings, and improved marketing campaigns that defend and retain existing customer relationships and revenue by reducing churn and developing new services to meet the needs of our customers; and
- highlight the affordability, capacity, quality and reliability of fixed line services and the benefits they bring to homes and businesses.

Our nationwide mobile infrastructure provides us with an estimated 96% outdoor population coverage for 4G and 99% for 3G. We have announced a €150 million mobile network investment program that is expected to allow us to have the best fixed and mobile networks in Ireland in the medium term:

- increasing our 4G outdoor geographical coverage to 99% over the next two years, supporting our efforts to reach more customers and offering them better quality service that meets their demand for higher speeds. Our first new site went live in December 2018 and we will be upgrading our entire network of approximately 2,000 sites with the latest technology to improve coverage and enhance data speeds; with an additional;
- approximately 500 sites coming on line as part of this investment; and
- early adopting 5G technology to enable ultra-high speed mobile data, with the roll-out starting later in 2019.

We believe that our network investment will meet the demands of growing data traffic volumes, and our investments in NGA fiber broadband will provide our wholesale business with a platform for the provision of backhaul services to a number of mobile operators. We are focused on enhancing capacity and coverage of our network at reduced costs, with the ambition to generate higher returns while delivering a differentiated service for our customers and to be the first network of choice for all.

Offer high quality, high value bundles, focusing on a more-for-more strategy

We will continue to leverage our strong position in the retail market, as the only quad-play operator with wholly-owned fixed and mobile network infrastructure, to offer high quality and value bundles to our customers, in order to drive higher ARPU and lower churn. We will do this by:

- continuing to improve our bundled offerings, leveraging our leading proprietary infrastructure across fixed voice and broadband, TV and mobile;
- further simplifying our product offering, so that our value proposition is clearer to our customers;
- leveraging our content offering as a key differentiating factor, and in particular the eir Sport package that includes Premier League, Champions League and Europa League football, as well as Pro-14 Rugby;
- executing the announced €150 million mobile network investment program, which includes the roll-out of 5G technology in the second half of 2019 to allow ultra-high speed mobile data and to make eir the best mobile network in Ireland; and
- focusing on the postpaid subscriber base to increase the uptake of triple- and quad-play bundles.

Deliver a best-in-class customer experience, enhancing our brand identity

We intend to drive revenue growth by focusing on our customers and their experience. We plan on doing this by:

- revitalizing our customer experience through in-sourcing of key customer facing functions, including sales, customer services, retail stores, collections as well as HR, IT and other central functions. Since October 2018, we have hired and trained more than 300 new front-line eir customer care agents across our three care hubs in Sligo, Cork and Limerick and transferred 220 staff from our outsourcing company over to eir so that all customer-facing roles are now filled by eir employees;
- simplifying and improving our bundled offering (we have already reduced the product combinations available to our customers dramatically during 2018), making it easier for our customers to select our product offering, whilst our sales staff can more efficiently identify the most suitable packages;
- aiming to have the best quality network infrastructure in Ireland, supported by our future-proofing investment program; and
- re-designing our IT stack to enable us to better understand our customers, promote relevant key products and offer high quality customer support.

With the initial phase of the insourcing process completed, we are now shifting our focus to continue training and upskilling our employees and ensuring that we have a purpose-built IT stack that equips and enables them with the appropriate information and tools to offer superior service to our customers. We believe this continued focus and investment on customer experience is beneficial to customers. Once fully implemented, it will improve customer satisfaction, strengthen our brand, reduce churn and generate higher ARPU through more relevant targeted product offerings and ultimately revenue growth.

Continue strengthening our leading wholesale position, and capitalize on B2B opportunities through eir Business

We will continue to leverage the strength of our core and access networks and develop our growing mobile network to further increase our wholesale and B2B revenues. We plan on doing this by:

- retaining and growing our share of Ireland's growing broadband market through our retail offering, as well as our wholesale access to OAOs in situations where we are unable to maintain the retail customer relationship ourselves. In many parts of Ireland, eir is the sole infrastructure provider to access fixed connectivity. Ireland's fixed broadband market has grown from 1,360,309 subscribers as of December 31, 2016 to 1,430,160 subscribers as of December 31, 2018 (*Sources:* ComReg 17/15R, ComReg 19/22), while our share of the retail market has grown from 31.4% to 32.5% (*Sources:* ComReg 19/22, ComReg 18/113);
- utilizing our leading core fiber network to provide mobile backhaul services to ourselves and to other MNOs on commercial terms;
- bidding on specific complementary projects;
- continuing to transition our B2B offering away from reliance on legacy access and voice, to data, mobile and services in order to offset structural declines in legacy products;
- targeting all B2B segments with next generation voice, data and video solutions with a simplified product offering; and
- leveraging fixed line business customer relationships to cross-sell mobile services. We experienced a 3% increase in our mobile B2B subscriber base in the year to December 31, 2018 and believe there is opportunity to accelerate this growth by combining our existing relationships with business with an upgraded mobile network. Mobile network coverage is an important consideration for Irish businesses when choosing a MNO and historically our network coverage has trailed Vodafone for geographical coverage, a situation which we believe will reverse following our mobile investment plan.

Have an ongoing focus on cost control through IT transformation, simplification and process improvement

We will continue focusing on our cost transformation program to meet our ambition of making eir "best-in-class" in the European telecom sector. We want to create a more agile company that can better respond to customer demands and expectations. We believe this can be achieved through simplification and digitalization of our business, operations and processes, which in turn will enable faster decision-making and better communication, without compromising our ambitions to be a leader in customer experience.

We are implementing a simplification program in phases and to date we have already made significant progress on three key pillars:

- Product streamlining: we have meaningfully reduced the number of products offered and will maintain a lean product offering, resulting in simplification for many parts of our organization and we will continue offering exciting new propositions to our customers at competitive pricing;
- Investing in and rebuilding our IT stack: we have identified and will retire many of our legacy IT systems, designing and building a new customized IT stack, removing redundant applications and generating meaningful savings; and
- Process simplification: we will continue to review our organization structure and processes on an ongoing basis to identify further simplification opportunities.

In addition, our focus on our efficient cost structure will generate additional savings in the following areas:

- We have recently relocated our HQ from central Dublin to an existing eir building on the outskirts of Dublin in Citywest Business Campus and in anticipation of this relocation, we have already secured a sublet contract for part of the previous HQ building;
- We are challenging every vendor contract through a comprehensive review of all existing agreements, and in some instances we will look to create multi-vendor support agreements;
- We will look to further in-source functions managed by third party service providers where we think we can do it more efficiently and with better outcomes; and
- We are optimizing marketing costs following our move to an in-house media buying model across all media platforms, which we started in July 2018. In addition, we changed our approach to the production of assets for use in campaigns and now work directly with production houses. As a result, we have reduced production costs, the savings from which we are reinvesting in additional campaigns, thereby increasing our “Share of Voice.”

Maintain financial discipline and deliver sustainable growth, creating an attractive cash flow and deleveraging profile

The management and our shareholders are focused on making our company “best-in-class” and future-proofing our fixed and mobile infrastructure by continuing our investments over the next few years. We generated net operating cash flows of €367 million and €380 million for the financial year ended June 30, 2017 and twelve months ended December 31, 2018, respectively, which is an increase of 3.5%. We aim to continually improve cash flow organically and by implementing our efficiency and simplification program and, among other initiatives, pursuing smart growth opportunities available to us in a manner that generates high incremental return on both our capital and commercial investments to drive increased EBITDA. Our key priorities are to develop our growth areas, improve customer service and increase revenues, while focusing on process simplification, cost efficiency and achieving operationally driven deleveraging in the medium term through growth in EBITDA.

Recent Developments

Current trading

Trading in the quarter ended March 31, 2019 was in line with expectations, with high single digit EBITDA growth compared to the corresponding period in 2018.

The above information is based solely on preliminary internal information used by management. Our actual consolidated financial results as of and for the three months and nine months ended March 31, 2019 may differ from our preliminary estimated results and remain subject to our normal end of period closing procedures and review process. Those procedures have not been completed. Accordingly, these results may change and those changes may be material. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance as of and for the three months and nine months ended March 31, 2019.

The Transactions

The Offering and Facility B7

The Issuer is hereby offering the Notes (the "Offering"). Concurrently with the Offering, Eircom Finco S.à r.l., as original borrower under the Senior Facilities Agreement intends to introduce a new senior secured term loan facility ("Facility B7") under the Senior Facilities Agreement. Facility B7 will not be fungible with Facility B6 and will be documented under the Facility B7 Additional Facility Notice. We intend to raise an aggregate amount of €850.0 million from the proceeds of the Offering and the utilization of Facility B7.

2022 Notes Repayment

On the Issue Date, the Issuer expects to issue a notice of redemption to holders of the 2022 Notes for the redemption on May 31, 2019 of the entire principal amount of the 2022 Notes.

Sources and Uses

We intend to use the net proceeds from the Offering, together with proceeds from the utilization of Facility B7 for the 2022 Notes Repayment. As part of the Transactions, we also intend to use a drawing under the Revolving Facility and cash on balance sheet to make a distribution of €300.0 million to our shareholders. The drawing of Facility B7 and the redemption of the 2022 Notes are expected to occur on or about May 31, 2019. We intend to notify the holders of the 2022 Notes of the redemption of the 2022 Notes on or around the Issue Date. The distribution to shareholders is expected to occur by May 31, 2019, following the re-domiciliation of Eircom Holdco S.A. from Luxembourg to Jersey.

The estimated sources and uses to be used to consummate the Refinancing Transactions are shown in the table below:

Source of Funds	(€ million)	Use of Funds	(€ million)
Notes offered hereby and Facility B7(1)	850	2022 Notes Repayment(2)	700
		Cash on balance sheet	133
		Estimated fees and expenses(3)	17
Total Sources	**850**	**Total Uses**	**850**

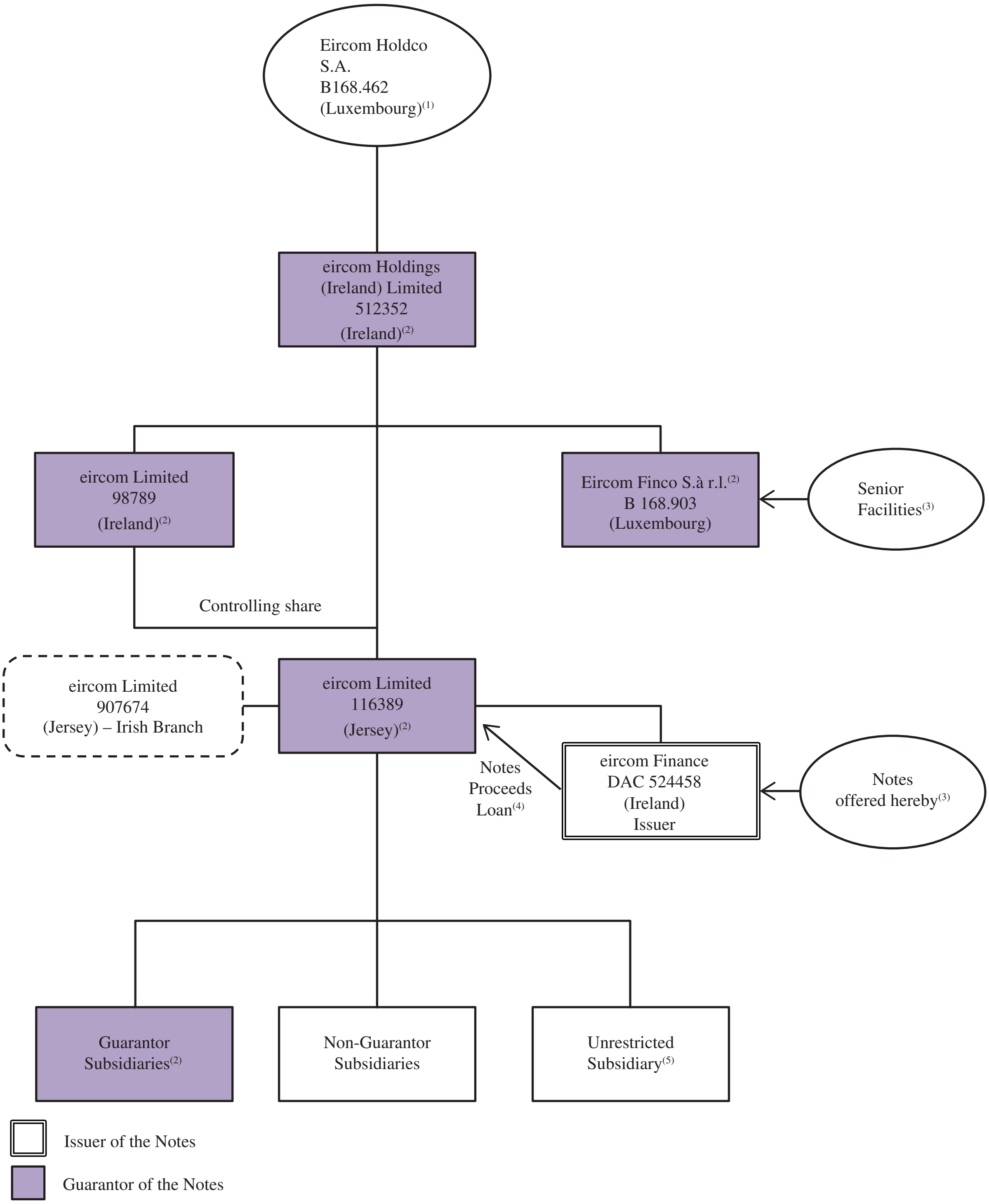
(1) Represents (i) € of gross proceeds from the Notes offered hereby (assuming issuance at par) and (ii) the drawing of € under Facility B7 under the Senior Facilities Agreement.

(2) Represents the outstanding principal amount of 2022 Notes that we expect to purchase and/or redeem pursuant to the 2022 Notes Repayment.

(3) Reflects our estimate of fees and expenses associated with the Refinancing Transactions, including €7,875,000 optional redemption call premium on the 2022 Notes (which assumes a redemption date of May 31, 2019), discounts and other commissions, advisory and other professional fees and transaction costs. This does not include (i) interest in respect of the 2022 Notes from their last interest payment date to their redemption date or (ii) any original issue discount fees, to the extent any may be payable.

OUR CORPORATE STRUCTURE

The following chart shows our simplified ownership and corporate structure and certain indebtedness of our subsidiaries following the offering of the Notes and the other Transactions.



(1) It is intended that Eircom Holdco S.A. establish its place of central management and control in Ireland and transfer its registered office and apply for continuance in Jersey. As a consequence, it is expected that Eircom Holdco S.A will change its company form to a Jersey limited company form, adopt the name Wexford Ltd and restate its articles of association for compliance with Jersey law requirements. See "*Principal Shareholders.*"

(2) As of and for the twelve months ended December 31, 2018, eircom Holdings (Ireland) Limited and its subsidiaries that guarantee the 2022 Notes, and that will guarantee the Notes, would have represented 98.31% and 95.18% of the Group's consolidated Adjusted EBITDA, and assets, in each case excluding Tetra. The Guarantors include eircom Holdings (Ireland) Limited, Eircom Finco S.à r.l.,

Meteor Ireland Holdings LLC, Meteor Mobile Communications Limited, Meteor Mobile Holdings Limited, eircom Limited (Ireland), eircom Limited (Jersey), Irish Telecommunications Investments DAC and eircom (UK) Limited.

(3) The Senior Facilities are guaranteed by the same entities that guarantee the Notes (and are guaranteed by the Issuer), and will be, within five business days following the Issue Date, subject to certain excluded assets, agreed security principles and perfection requirements, secured over the same collateral on a *pari passu* basis with the Notes. See "*Description of Other Indebtedness—Senior Facilities Agreement—Structure*" *and* "*Description of Other Indebtedness—Senior Facilities Agreement—Security*" for further information on the guarantees and security for the Senior Facilities Agreement.

(4) On or about the Issue Date, the Issuer, as lender, and eircom Limited (Jersey) as borrower, will enter into an amendment to the notes proceeds loan agreement dated as of May 29, 2015 (as amended, including the amendment to be made on or about the Issue Date, the "Notes Proceeds Loan"). See "*Description of the Notes—Notes Proceeds Loan*."

(5) Tetra will be an unrestricted subsidiary under the Indenture and not subject to the covenants thereunder. As of and for the twelve months ended December 31, 2018, our 56% proportionate share of Tetra's cash and cash equivalents and EBITDA was €3 million and €10 million, respectively. As of December 31, 2018, Tetra had no third party debt outstanding.

THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes and the Guarantees, see "Description of the Notes" and "Description of Other Indebtedness—Intercreditor Agreement."

Issuer . . . . eircom Finance DAC.

Issue Date . . . . On or about , 2019.

Issue Price . . . . % plus accrued interest, if any, from the Issue Date.

Notes Offered . . . . € million aggregate principal amount of senior secured notes due 2026.

Maturity Date . . . . , 2026.

Coupon . . . . %.

Interest Payment Dates . . . . Semi-annually, each and , commencing on , 2026. Interest will accrue on the Notes from the Issue Date.

Form of Denomination . . . . Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Ranking of the Notes . . . . The Notes will:

- be senior secured obligations of the Issuer, secured as set forth below under "—Security";
- rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated to the Notes, including the Issuer's guarantee of the Senior Facilities;
- rank senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- be contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement;
- be effectively senior to all of the Issuer's existing and future indebtedness that is unsecured, or secured on a basis junior to the security granted in respect of the Notes, in each case to the extent of the value of the property or assets securing the Notes;
- be contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement;
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- be effectively subordinated to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the collateral securing the Notes on a priority basis, including certain hedging obligations; and
- be effectively subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes.

Guarantees	The Issuer's obligations under the Notes will be guaranteed on a senior, joint and several basis (the "Guarantees") by eircom Holdings (Ireland) Limited, Eircom Finco S.à r.l., Meteor Ireland Holdings LLC, Meteor Mobile Communications Limited, Meteor Mobile Holdings Limited, eircom Limited (Ireland), eircom Limited (Jersey), Irish Telecommunications Investments DAC and eircom (UK) Limited (the "Guarantors"). As of and for the twelve months ended December 31, 2018, the Guarantors represented 95.18% of our consolidated total assets and generated 98.31% of our Adjusted EBITDA, in each case, excluding Tetra. Tetra is an unrestricted subsidiary under the Indenture. As of December 31, 2018, Tetra had no third-party debt outstanding.
Ranking of the Guarantees	Each Guarantee will: • be a senior secured obligation of the relevant Guarantor, secured as set forth below under "—*Security*"; • rank pari passu in right of payment with all of the relevant Guarantor's existing and future indebtedness that is not subordinated to its guarantee of the Notes, including its guarantee of the Senior Facilities; • rank senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to its guarantee of the Notes; • be effectively senior to all of such Guarantor's existing and future indebtedness that is unsecured, or secured on a basis junior to the security granted in respect of its Guarantee, in each case to the extent of the value of the property or assets securing its Guarantee; • be effectively subordinated to any existing and future indebtedness of the relevant Guarantor that is secured by property or assets that do not secure the Guarantors' guarantees of the Notes on an equal basis, to the extent of the value of the property or assets securing such indebtedness; and • be effectively subordinated to any existing and future indebtedness of the relevant Guarantor that will receive proceeds from any enforcement action over the collateral securing its guarantee of the Notes on a priority basis, including certain hedging obligations and potentially future debt under super senior revolving credit facilities. The Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement.*" The Guarantees will be subject to certain contractual and legal limitations under applicable law, and may be released under certain circumstances. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations" and "Description of the Notes—Guarantees*."
Security	Within five business days following the Issue Date, the Notes and the Guarantees will be secured by security interests in the following collateral: • in the case of the Issuer, eircom Holdings (Ireland) Limited and Meteor Mobile Holdings Limited, over all or substantially all of their assets;

- in the case of Eircom Holdco S.A., over the shares in eircom Holdings (Ireland) Limited and related rights;
- in the case of Eircom Finco S.à r.l., over certain of its bank accounts and its rights in certain intercompany loan agreements with other Group companies;
- in the case of Meteor Ireland Holdings LLC, over substantially all of its assets;
- in the case of eircom (UK) Limited, over substantially all of its assets other than: (i) certain leasehold properties located in Northern Ireland and England; (ii) a general authorization to provide telecommunications services in the United Kingdom through the Office of Communications and related rights of use for numbers; and (iii) eircom (UK) Limited's interests in certain agreements with third parties relating to procurement of telecommunications services and the provision of education network services;
- in the case of eircom Limited (Ireland), over substantially all of its assets other than; (i) shares held by eircom Limited (Ireland) in certain of its subsidiaries; (ii) certain licenses granted to eircom Limited (Ireland) by the Commission for Communications Regulation; and (iii) bank accounts opened as a result of escrow arrangements or security deposits which were put in place prior to the Restructuring Date;
- in the case of eircom Limited (Jersey), over substantially all of its assets other than (i) certain bank accounts; (ii) shares held by eircom Limited (Jersey) in certain of its subsidiaries including Tetra Ireland Communications Limited and EURSCOM GmbH; (iii) certain licenses granted to eircom Limited (Jersey) by the Commission for Communications Regulation; (iv) the property of eircom Limited (Jersey) comprising the Network Management Centre, Citywest Complex, Naas Road, Co. Dublin;
- in the case of MMCL, over substantially all of its assets other than: (i) certain trademark applications made in respect of the "MOSAIC" name; (ii) certain licenses granted to MMCL by the Commission for Communications Regulation; and (iii) certain bank accounts opened as a result of historical escrow arrangements or security deposits; and
- in the case of ITI, over substantially all of its assets other than: (i) certain licenses granted to ITI by the Commission for Communications Regulation; and (ii) certain bank accounts opened as a result of historical escrow arrangements or security.

See "*Description of the Notes—Security.*"

Counterparties to certain hedging obligations and potentially future debt under super senior revolving credit facilities will receive proceeds from the enforcement of the security described below in priority to holders of the Notes. See "*Description of Other Indebtedness—Intercreditor Agreement*."

Limitations on and Release of Security . . . . The security granted by the Issuer and certain Guarantors will be governed by Irish, Northern Irish, Luxembourg, Jersey, English and New York laws as described under "*Risk Factors— Risks Related to Our Structure—The insolvency laws of Ireland or the jurisdiction of incorporation or formation of each of the Guarantors may not be as favorable to holders of Notes as U.S. insolvency laws or those of*

	another jurisdiction with which you may be familiar." For a description of the limitations under certain of these laws, see *"Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations."* The liens and security interests securing the Notes may be released under certain circumstances. See "*Risk Factors—Risks Related to Our Structure—There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee*."
Additional Amounts	Any payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If the Issuer or Guarantors are required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, the Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes.*"
Optional Redemption	Prior to , 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this offering memorandum and accrued and unpaid interest, if any, to the redemption date. On or after , 2022, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest, if any, to the redemption date. Prior to , 2022, the Issuer will be entitled at its option on one or more occasions to redeem Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to % of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, *provided* that at least 50% of the original aggregate principal amount of the Notes remains outstanding after the redemption.
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation or certain other circumstances that became effective after the Issue Date, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons.*"
Change of Control	Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase. See "*Description of the Notes—Change of Control.*
Certain Covenants	The Indenture will restrict the ability of EHIL and its restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of EHIL or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to EHIL or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*"

Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Transfer Restrictions.*" We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
No Public Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, such a market would not be a public market, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop or be maintained for the Notes.
Listing	Application will be made to the Authority for the listing of the Notes on the Official List of the Exchange and permission to deal in the Notes. The Exchange is not a regulated market pursuant to the provisions of Directive 2004/39/EC. There can be no assurance that the Notes will be listed on the Official List of the Exchange or that such permission to deal in the Notes on the Official List of the Exchange will be granted.
Governing Law for the Notes, the Guarantees and the Indenture	New York law.
Governing Law for the Intercreditor Agreement	English law.
Governing Law for the Security Documents	Irish, Northern Irish, Luxembourg, Jersey, English and New York laws.
Trustee	Deutsche Trustee Company Limited.

Listing Agent	Carey Olsen Corporate Finance Limited.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Security Agent	Wilmington Trust (London) Limited.
ISIN	.
Common Code	.

Risk Factors

Investing in the Notes involves substantial risks. Please see the section of this offering memorandum captioned "*Risk Factors*" for a discussion of certain risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL FINANCIAL DATA

The summary audited consolidated financial data for EHIL as of and for the financial years ended June 30, 2016, 2017 and 2018 presented below have been extracted from EHIL's audited consolidated financial statements as of and for the financial years ended June 30, 2016, 2017 and 2018, each prepared in accordance with IFRS, which are included elsewhere in this offering memorandum. The following summary financial data as of and for the six months ended December 31, 2017 and 2018 have been extracted from EHIL's unaudited condensed consolidated financial statements as of and for the six months ended December 31, 2018, which are included elsewhere in this offering memorandum.

The summary financial data as of and for the twelve months ended December 31, 2018 presented below has been derived mathematically by adding the financial data for the six months ended December 31, 2018 to the financial data for the financial year ended June 30, 2018 and subtracting the financial data for the six months ended December 31, 2017.

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

IFRS 15 replaces IAS 18 (*Revenue*) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019 and we will have to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as at July 1, 2018.

This impact was not reflected in our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 and, as a consequence, such financial statements are not presented in accordance with IFRS.

Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, IFRS 15, once implemented, will not have a material impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods.

Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There can be no assurance that our estimates are correct until such time as we adopt IFRS 15 and IFRS 9 for our consolidated financial statements as of and for the year ended June 30, 2019. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

In addition to financial data described above, in this offering memorandum we present certain adjusted financial data that gives effect to changes in our accounting policies.

From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations. See also "*Presentation of Financial Data*."

The unaudited *pro forma* financial information gives effect to the Transactions as though they had occurred on December 31, 2018 for the purposes of balance sheet data and as of January 1, 2018 for the purposes of income statement data. The unaudited *pro forma* data is provided for illustrative purposes only and does not purport to represent what our actual results of operations or financial position would have been if the Transactions had occurred, in the case of debt metrics, on December 31, 2018 or, in the case of interest expense, on January 1, 2018. The unaudited *pro forma* data set out in this offering memorandum is based upon available information and certain assumptions and estimates that we believe are reasonable.

EHIL's historical audited consolidated financial statements for the financial years ended June 30, 2016, 2017 and 2018 are presented in euro, and have been prepared in accordance with IFRS. EHIL's unaudited consolidated financial statements for the six months ended December 31, 2018 are presented in euro and, as described above, have not been prepared in accordance with IFRS. See "*Risk Factors—Risks Related to Our Business and Industry—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

This summary should be read in conjunction with the information contained in "*Presentation of Financial Data*," "*Selected Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements included elsewhere in this offering memorandum. Investors are advised to read this offering memorandum in its entirety and not rely on the summarized information only. Our interim results are not necessarily indicative of results to be expected for the full financial year.

	For the financial year ended June 30,			For the six months ended December 31,		For the twelve months ended December 31,
(€ in millions)	**2016**	**2017**	**2018**	**2017**	**2018**	**2018**
		(audited)		**(unaudited)**		**(unaudited)**
Income Statement Data (Historical)						
Revenue	1,294	1,283	1,252	630	625	1,247
Operating costs excluding amortization, depreciation and exceptional items	(810)	(786)	(742)	(391)	(355)	(706)
Amortization	(88)	(108)	(101)	(50)	(45)	(96)
Depreciation	(280)	(270)	(291)	(140)	(140)	(291)
Exceptional items gain/(loss)	(68)	(92)	(87)	(18)	(10)	(79)
Profit/(loss) on disposal of property, plant and equipment	7	4	1	—	—	1
Operating profit/(loss)	**55**	**31**	**32**	**31**	**75**	**76**
Finance costs—net	(226)	(277)	(102)	(50)	(50)	(102)
Share of profit of joint venture	2	10	5	3	7	9
(Loss)/profit before tax	**(169)**	**(236)**	**(65)**	**(16)**	**32**	**(17)**
Income tax credit/(charge)	11	10	6	(1)	(1)	6
(Loss)/profit for the period	**(158)**	**(226)**	**(59)**	**(17)**	**31**	**(11)**

	As adjusted for the financial year ended June 30,			As adjusted for the six months ended December 31,		As adjusted for the twelve months ended December 31,
(€ in millions)	**2016**	**2017**	**2018**	**2017**	**2018**	**2018**
				(unaudited)		
Income Statement Data (Adjusted)[(1)]						
Revenue	1,310	1,299	1,270	638	634	1,266
Operating costs excluding amortization, depreciation and exceptional items	(817)	(791)	(750)	(394)	(359)	(715)
Amortization	(88)	(108)	(101)	(50)	(45)	(96)
Depreciation	(287)	(269)	(295)	(142)	(138)	(291)
Exceptional items gain/(loss)	(68)	(92)	(87)	(18)	(10)	(79)
Profit/(loss) on disposal of property, plant and equipment	7	4	1	—	—	1
Operating profit/(loss)	**57**	**43**	**38**	**34**	**82**	**86**
Finance costs—net	(226)	(277)	(102)	(50)	(50)	(102)
Share of profit of joint venture	—	—	—	—	—	—
(Loss)/profit before tax	**(169)**	**(234)**	**(64)**	**(16)**	**32**	**(16)**
Income tax credit/(charge)	11	8	5	(1)	(1)	5
(Loss)/profit for the period	**(158)**	**(226)**	**(59)**	**(17)**	**31**	**(11)**

(€ in millions)	As of June 30, 2016	As of June 30, 2017	As of June 30, 2018	As of December 31, 2017	As of December 31, 2018
		(audited)		(unaudited)	
Balance Sheet Data (Historical)					
Cash and cash equivalents	148	142	197	132	219
Restricted cash(2)	10	18	5	5	23
Inventories	12	16	11	17	19
Trade and other receivables	222	196	195	208	218
Property, plant and equipment	1,451	1,434	1,400	1,436	1,368
Total assets	2,507	2,394	2,347	2,366	2,348
Trade and other payables(3)	601	566	595	558	562
Current borrowings	—	—	—	—	—
Non-current borrowings	2,140	2,236	2,244	2,240	2,248
Total liabilities	3,289	3,296	3,071	3,273	3,062
Total equity	(782)	(902)	(724)	(907)	(714)

(€ in millions)	As of June 30, 2016	As of June 30, 2017	As of June 30, 2018	As of December 31, 2017	As of December 31, 2018
		(unaudited)		(unaudited)	
Balance Sheet Data (Adjusted)(4)					
Cash and cash equivalents	156	147	203	135	222
Restricted cash(2)	10	18	5	5	23
Inventories	12	16	11	17	19
Trade and other receivables	222	196	195	212	220
Property, plant and equipment	1,458	1,442	1,404	1,443	1,375
Total assets	2,518	2,404	2,357	2,377	2,360
Trade and other payables(3)	608	572	601	564	569
Current borrowings	—	—	—	—	—
Non-current borrowings	2,140	2,236	2,244	2,240	2,248
Total liabilities	3,300	3,306	3,081	3,284	3,074
Total equity	(782)	(902)	(724)	(907)	(714)

(€ in millions)	For the financial year ended June 30, 2016	2017	2018	For the six months ended December 31, 2017	2018	For the twelve months ended December 31, 2018
		(audited)		(unaudited)		(unaudited)
Cash Flow Data (Historical)						
Net cash generated from operating activities	311	367	350	148	149	351
Net cash used in investing activities	(307)	(296)	(295)	(157)	(127)	(265)
Net cash used in financing activities	(42)	(77)	—	(1)	—	1
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(38)	(6)	55	(10)	22	87

(€ in millions)	As adjusted for the financial year ended June 30, 2016	2017	2018	As adjusted for the six months ended December 31, 2017	2018	As adjusted for the twelve months ended December 31, 2018
				(unaudited)		
Cash Flow Data (Adjusted)(5)						
Net cash generated from operating activities	322	375	360	149	153	364
Net cash used in investing activities	(307)	(307)	(304)	(160)	(134)	(278)
Net cash used in financing activities	(51)	(77)	—	(1)	—	1
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(36)	(9)	56	(12)	19	87

	As of and for the financial year ended June 30,			As of and for the six Months ended December 31,		As of and for the twelve months ended December 31,
	2016	2017	2018	2017	2018	2018
Certain Operational Data						
Fixed Line						
Retail access lines (*thousands*)	715	678	654	659	658	658
Blended Consumer Fixed ARPU (€)	44.9	47.1	49.1	48.5	49.5	49.6
Retail broadband lines (*thousands*)	449	444	450	440	465	465
Eir vision TV customers (*thousands*)	54	71	75	74	80	80
Wholesale access lines (*thousands*)	501	494	496	502	486	486
Wholesale bitstream (*thousands*)	405	452	473	471	471	471
Wholesale WLR ARPU(6) (€)	18.1	15.9	16.2	16.1	16.3	16.4
Wholesale Bitstream ARPU(6) (€)	14.4	15.2	15.7	15.7	15.2	15.4
Consumer fixed access churn (%)	20.5	19.3	20.3	21.5	16.4	17.9
Consumer broadband churn (%)	20.6	20.8	21.2	23.2	16.8	18.3
Mobile						
Prepaid handset subscribers (*thousands*)	554	539	496	527	481	481
Postpaid handset subscribers (*thousands*)	465	476	508	484	525	525
Mobile broadband subscriptions (*thousands*)	41	46	43	45	39	39
of which prepaid	8	8	8	8	7	7
of which postpaid	33	38	35	37	32	32
Total subscribers (*thousands*)	1,060	1,061	1,047	1,056	1,045	1,045
Mobile blended ARPU (€)	25.5	24.0	24.2	24.3	24.6	24.3
Prepaid churn (%)	60	57	53	55	51	53
Postpaid churn (%)	20	22	18	19	17	18

	As of and for the quarters ended June 30,			As of and for the quarters ended December 31	
	2016	2017	2018	2017	2018
Certain Market Data (%s)					
Residential fixed line broadband penetration of households(7)	68.0	71.0	67.9	68.2	68.3
Fixed line retail broadband market share(8)	33.7	32.2	31.8	31.4	32.5
Fixed line Group broadband market share(8)	68.8	68.6	68.1	68.3	67.7
Mobile penetration(9)	123.1	125.2	126.0	125.3	129.3
Mobile market share(10) (% of subscribers)	20.5	20.4	20.0	20.1	19.8

(€ in millions, except percentages and ratios)	As of and for the twelve months ended December 31, 2018
	(unaudited)
Other Financial Data	
EBITDA(11)	472
Adjusted EBITDA(11)	560
Adjusted Run Rate EBITDA(11)	580
Adjusted EBITDA margin(12)	44%
Capital expenditures(13)	(263)
Net working capital movement(14)	22
***Pro Forma* Financial Data**	
Pro forma cash and cash equivalents(15)	152
Pro forma total debt(16)	2,550
Pro forma net debt(17)	2,398
Pro forma cash interest expense(18)	
Ratio of *pro forma* net debt to Adjusted Run Rate EBITDA(11)	4.13x
Ratio of Adjusted Run Rate EBITDA to *pro forma* cash interest expense(11)(18)	x

(1) From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, unless otherwise indicated, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations. See also "*Presentation of Financial Data.*" The following is a reconciliation between income statement data adjusted for certain changes to our accounting policies and income statement data for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018:

(€ in millions)	**As adjusted for the financial year ended June 30, 2016**	**Adjustment**	**For the financial year ended June 30, 2016**	**As adjusted for the financial year ended June 30, 2017**	**Adjustment**	**For the financial year ended June 30, 2017**	**As adjusted for the financial year ended June 30, 2018**	**Adjustment**	**For the financial year ended June 30, 2018**
	(unaudited)	**(unaudited)**	**(audited)**	**(unaudited)**	**(unaudited)**	**(audited)**	**(unaudited)**	**(unaudited)**	**(audited)**
Revenue	1,310	(16)	1,294	1,299	(16)	1,283	1,270	(18)	1,252
Operating costs excluding amortization, depreciation and exceptional items	(817)	7	(810)	(791)	5	(786)	(750)	8	(742)
Amortization	(88)	—	(88)	(108)	—	(108)	(101)	—	(101)
Depreciation	(287)	7	(280)	(269)	(1)	(270)	(295)	4	(291)
Exceptional items	(68)	—	(68)	(92)	—	(92)	(87)	—	(87)
Profit on disposal of PPE	7	—	7	4	—	4	1	—	1
Operating (loss)/profit	**57**	**(2)**	**55**	**43**	**(12)**	**31**	**38**	**(6)**	**32**
Finance costs—net	(226)	—	(226)	(277)	—	(277)	(102)	—	(102)
Share of profit of joint venture	—	2	2	—	10	10	—	5	5
Loss before tax	**(169)**	**—**	**(169)**	**(234)**	**(2)**	**(236)**	**(64)**	**(1)**	**(65)**
Income tax credit	11	—	11	8	2	10	5	1	6
Loss for the financial year attributable to equity holders	**(158)**	**—**	**(158)**	**(226)**	**—**	**(226)**	**(59)**	**—**	**(59)**
Other comprehensive income/(expense), net of tax	99	—	99	105	—	105	230	—	230
Total comprehensive income/(expense) for the financial period	**(59)**	**—**	**(59)**	**(121)**	**—**	**(121)**	**171**	**—**	**171**

(€ in millions)	As adjusted for the six months ended December 31, 2017	Adjustment	For the six months ended December 31, 2017	As adjusted for the six months ended December 31, 2018	Adjustment	For the six months ended December 31, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	638	(8)	630	634	(9)	625
Operating costs excluding amortization, depreciation and exceptional items	(394)	3	(391)	(359)	4	(355)
Amortization	(50)	—	(50)	(45)	—	(45)
Depreciation	(142)	2	(140)	(138)	(2)	(140)
Exceptional items	(18)	—	(18)	(10)	—	(10)
Profit on disposal of PPE	—	—	—	—	—	—
Operating (loss)/profit	**34**	**(3)**	**31**	**82**	**(7)**	**75**
Finance costs—net	(50)	—	(50)	(50)	—	(50)
Share of profit of joint venture	—	3	3	—	7	7
Loss before tax	**(16)**	**—**	**(16)**	**32**	**—**	**32**
Income tax credit/(charge)	(1)	—	(1)	(1)	—	(1)
Loss for the financial year attributable to equity holders	**(17)**	**—**	**(17)**	**31**	**—**	**31**
Other comprehensive income/(expense), net of tax	10	—	10	(21)	—	(21)
Total comprehensive income/(expense) for the financial period	**(7)**	**—**	**(7)**	**10**	**—**	**10**

(2) Restricted cash consists of cash reserved for performance guarantees (including ComReg guarantees) and security in respect of ancillary facilities. See "*Regulation*." Performance guarantee deposits have been reserved in respect of our obligation to make payments to third parties in the event that we do not perform our contracted commitments under the terms of certain contracts. As of December 31, 2018, restricted cash includes €19 million in relation to performance guarantee deposits, including obligations under certain commercial contracts, and €4 million in relation to ancillary facilities.

(3) Includes both current and non-current payables.

(4) From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, unless otherwise indicated, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations. See also "*Presentation of Financial Data*." The following is a reconciliation between balance sheet data adjusted for certain changes to our accounting policies and balance sheet data as of June 30, 2016, 2017 and 2018 and as of December 31, 2017 and 2018:

(€ in millions)	As adjusted as of June 30, 2016	Adjustment	As of June 30, 2016	As adjusted as of June 30, 2017	Adjustment	As of June 30, 2017	As adjusted as of June 30, 2018	Adjustment	As of June 30, 2018
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
Assets									
Non-current assets									
Goodwill	212	—	212	212	—	212	212	—	212
Other intangible assets	429	—	429	355	—	355	312	—	312
Property, plant and equipment	1,458	(7)	1,451	1,442	(8)	1,434	1,404	(4)	1,400
Investments	—	4	4	—	3	3	—	—	—
Deferred tax assets	4	—	4	3	—	3	2	—	2
Other assets	15	—	15	15	—	15	13	—	13
	2,118	**(3)**	**2,115**	**2,027**	**(5)**	**2,022**	**1,943**	**(4)**	**1,939**
Current assets									
Inventories	12	—	12	16	—	16	11	—	11
Trade and other receivables	222	—	222	196	—	196	195	—	195
Restricted cash	10	—	10	18	—	18	5	—	5
Cash and cash equivalents	156	(8)	148	147	(5)	142	203	(6)	197
Total assets	**2,518**	**(11)**	**2,507**	**2,404**	**(10)**	**2,394**	**2,357**	**(10)**	**2,347**
Liabilities									
Non-current liabilities									
Borrowings	2,140	—	2,140	2,236	—	2,236	2,244	—	2,244
Derivative financial instruments	7	—	7	—	—	—	1	—	1
Trade and other payables	147	—	147	128	—	128	110	—	110
Deferred tax liabilities	47	—	47	44	—	44	63	—	63
Retirement benefit liability	346	—	346	258	—	258	23	—	23
Provisions for other liabilities and charges	112	(4)	108	114	(4)	110	108	(4)	104
	2,799	**(4)**	**2,795**	**2,780**	**(4)**	**2,776**	**2,549**	**(4)**	**2,545**
Current liabilities									
Derivative financial instruments	6	—	6	5	—	5	1	—	1
Trade and other payables	461	(7)	454	444	(6)	438	491	(6)	485
Current tax liabilities	—	—	—	10	—	10	3	—	3
Provisions for other liabilities and charges	34	—	34	67	—	67	37	—	37
Total liabilities	**3,300**	**(11)**	**3,289**	**3,306**	**(10)**	**3,296**	**3,081**	**(10)**	**3,071**
Total equity	**(782)**	**—**	**(782)**	**(902)**	—	**(902)**	**(724)**	—	**(724)**
Total liabilities and equity	**2,518**	**(11)**	**2,507**	**2,404**	**(10)**	**2,394**	**2,357**	**(10)**	**2,347**

(€ in millions)	As adjusted as of December 31, 2017	Adjustment	As of December 31, 2017	As adjusted as of December 31, 2018	Adjustment	As of December 31, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Assets						
Non-current assets						
Goodwill	212	—	212	212	—	212
Other intangible assets	336	—	336	274	—	274
Property, plant and equipment	1,443	(7)	1,436	1,375	(7)	1,368
Investments	—	3	3	—	—	—
Deferred tax assets	2	—	2	2	—	2
Other assets	15	—	15	13	—	13
	2,008	**(4)**	**2,004**	**1,876**	**(7)**	**1,869**
Current assets						
Inventories	17	—	17	19	—	19
Trade and other receivables	212	(4)	208	220	(2)	218
Restricted cash	5	—	5	23	—	23
Cash and cash equivalents	135	(3)	132	222	(3)	219
Total assets	**2,377**	**(11)**	**2,366**	**2,360**	**(12)**	**2,348**
Liabilities						
Non-current liabilities						
Borrowings	2,240	—	2,240	2,248	—	2,248
Derivative financial instruments	1	—	1	1	—	1
Trade and other payables	122	—	122	109	—	109
Deferred tax liabilities	38	(1)	37	49	(1)	48
Retirement benefit liability	260	—	260	60	—	60
Provisions for other liabilities and charges	106	(4)	102	107	(4)	103
	2,767	**(5)**	**2,762**	**2,574**	**(5)**	**2,569**
Current liabilities						
Derivative financial instruments	3	—	3	1	—	1
Trade and other payables	442	(6)	436	460	(7)	453
Current tax liabilities	15	—	15	9	—	9
Provisions for other liabilities and charges	57	—	57	30	—	30
Total liabilities	**3,284**	**(11)**	**3,273**	**3,074**	**(12)**	**3,062**
Total equity	**(907)**	—	**(907)**	**(714)**	—	**(714)**
Total liabilities and equity	**2,377**	**(11)**	**2,366**	**2,360**	**(12)**	**2,348**

(5) From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, unless otherwise indicated, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations. See also "*Presentation of Financial Data.*" The following is a reconciliation between cash flow data adjusted for certain changes to our accounting policies and cash flow data for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018:

(€ in millions)	As adjusted for the financial year ended June 30, 2016	Adjustment	For the financial year ended June 30, 2016	As adjusted for the financial year ended June 30, 2017	Adjustment	For the financial year ended June 30, 2017	As adjusted for the financial year ended June 30, 2018	Adjustment	For the financial year ended June 30, 2018
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities									
Cash generated from operations	473	(12)	461	473	(9)	464	467	(11)	456
Interest received	—	—	—	—	—	—	—	—	—
Interest paid	(133)	—	(133)	(105)	—	(105)	(92)	—	(92)
Income tax refund/(payment)	(18)	1	(17)	7	1	8	(15)	1	(14)
Net cash generated from operating activities	322	(11)	311	375	(8)	367	360	(10)	350
Cash flows from investing activities									
Net cash used in investing activities	(307)	—	(307)	(307)	11	(296)	(304)	9	(295)
Cash flows from financing activities									
Dividends paid to equity shareholders	(1)	—	(1)	(1)	—	(1)	(1)	—	(1)
Capital contribution	—	—	—	—	—	—	3	—	3
Proceeds from loan borrowings	2,367	—	2,367	1,115	—	1,115	—	—	—
Repayment on borrowings	(2,535)	9	(2,526)	(1,378)	—	(1,378)	—	—	—
Proceeds from issuance of 4.5% Senior Secured Notes	500	—	500	200	—	200	—	—	—
Premium on issuance of 4.5% Senior Secured Notes	—	—	—	3	—	3	—	—	—
Repayment of 9.25% Senior Secured Notes	(350)	—	(350)	—	—	—	—	—	—
Cost on redemption of 9.25% Senior Secured Notes	(16)	—	(16)	—	—	—	—	—	—
Debt issue costs	(9)	—	(9)	(3)	—	(3)	—	—	—
Fees paid in respect of Revolving Credit Facility	(3)	—	(3)	(1)	—	(1)	—	—	—
Debt related fees paid in respect of transaction offer	—	—	—	—	—	—	(2)	—	(2)
Debt modification fees paid	(4)	—	(4)	(12)	—	(12)	—	—	—
Net cash used in financing activities	(51)	9	(42)	(77)	—	(77)	—	—	—
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(36)**	**(2)**	**(38)**	**(9)**	**3**	**(6)**	**56**	**(1)**	**55**
Cash and cash equivalents and bank overdrafts at beginning of financial year	192	(6)	186	156	(8)	148	147	(5)	142
Cash, cash equivalents and bank overdrafts at end of financial year	**156**	**(8)**	**148**	**147**	**(5)**	**142**	**203**	**(6)**	**197**

(€ in millions)	As adjusted for the six months ended December 31, 2017	Adjustment	For the six months ended December 31, 2017	As adjusted for the six months ended December 31, 2018	Adjustment	For the financial six months ended December 31, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities						
Cash generated from operations	199	(1)	198	203	(5)	198
Interest received	—	—	—	—	—	—
Interest paid	(46)	—	(46)	(44)	—	(44)
Income tax payment	(4)	—	(4)	(6)	1	(5)
Net cash generated from operating activities	149	(1)	148	153	(4)	149
Cash flows from investing activities						
Net cash used in investing activities	(160)	3	(157)	(134)	7	(127)
Cash flows from financing activities						
Dividends paid to equity shareholders	(1)	—	(1)	—	—	—
Net cash used in financing activities	(1)	—	(1)	—	—	—
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(12)**	**2**	**(10)**	**19**	**3**	**22**
Cash and cash equivalents and bank overdrafts at beginning of financial period	147	(5)	142	203	(6)	197
Cash, cash equivalents and bank overdrafts at end of financial period	**135**	**(3)**	**132**	**222**	**(3)**	**219**

(6) Wholesale WLR ARPU is the average of the monthly Wholesale WLR PSTN ARPU in the period, which is Net WLR PSTN revenue per average PSTN WLR line in the month. Wholesale Bitstream ARPU is the average of the monthly Bitstream ARPU in the period, which is Net Bitstream revenue per average bitstream line in the month.

(7) Household (excluding business subscriptions and mobile broadband subscriptions) penetration rate based on ComReg quarterly reports.

(8) Fixed line retail broadband market share and fixed line Group broadband market share are in terms of total retail broadband subscriptions and total retail plus wholesale broadband subscriptions, respectively, and based on ComReg quarterly reports.

(9) Mobile penetration is in terms of subscriptions, including mobile broadband, and based on ComReg quarterly reports.

(10) eir's mobile market share is in terms of total subscriptions (excluding mobile broadband and M2M) and based on ComReg quarterly reports.

(11) EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA and Adjusted EBITDA margin are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS. These measures are not measures of our financial performance under IFRS and should not be considered in isolation or as an alternative to operating profit, cash flow from operating activities or any other measures of performance or liquidity prepared in accordance with IFRS.

We define EBITDA as (loss) or profit for the period before income tax charge (or credit), net finance costs, depreciation and impairment of plant and equipment, and amortization. We define Adjusted EBITDA as EBITDA adjusted for change in accounting policy for joint arrangements, (profit) or loss on disposal of property, plant and equipment, non-cash lease fair value credits, non-cash pension charge, storm costs and exceptional items. We define Adjusted Run Rate EBITDA as Adjusted EBITDA adjusted for pay costs savings, the recognition of an onerous lease provision following the relocation of our headquarters, impacts from regulatory wholesale price reductions and savings from insourcing initiatives. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue. We believe EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA and Adjusted EBITDA margin provide useful information to management and investors with respect to our overall operating performance by facilitating comparisons of operating performance on a consistent basis by removing the impact of items not directly resulting from core operations.

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating result as reported under IFRS. Non- IFRS measures and ratios such as EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA and Adjusted EBITDA margin are not measurements of our performance under IFRS or any other generally accepted accounting principles. Other companies in our industry may calculate these measures differently and, consequently, our presentation may not be readily comparable to other companies' figures. In particular, you should not consider EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA and Adjusted EBITDA margin as an alternative to (a) operating income or income for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operations, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. EBITDA, Adjusted EBITDA, Adjusted Run Rate EBITDA and Adjusted EBITDA margin have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for an analysis of our results as reported under IFRS.

The following table shows reconciliation of loss for the relevant periods to EBITDA, Adjusted EBITDA and Adjusted Run Rate EBITDA:

	For financial year ended June 30,			For the six months ended December 31,		For the twelve months ended December 31,
	2016	2017	2018	2017	2018	2018
			(unaudited) (€ in millions)			
Loss for the period	(158)	(226)	(59)	(17)	31	(11)
Income tax (credit)/charge	(11)	(10)	(6)	1	1	(6)
Finance cost—net	226	277	102	50	50	102
Depreciation	280	270	291	140	140	291
Amortization	88	108	101	50	45	96
EBITDA[(a)]	**425**	**419**	**429**	**224**	**267**	**472**
Change in accounting policy for joint arrangements[(b)]	7	1	5	2	(2)	1
Profit on disposal of property, plant and equipment	(7)	(4)	(1)	—	—	(1)
Non-cash lease fair value credits[(c)]	(8)	(7)	(7)	(4)	(4)	(7)
Non-cash pension charge[(d)]	15	19	15	7	8	16
Storm costs[(e)]	5	—	—	—	—	—
Exceptional items[(f)]	68	92	87	18	10	79
Adjusted EBITDA	**505**	**520**	**528**	**247**	**279**	**560**
Pay costs[(g)]						23
Onerous lease recognition[(h)]						10
Regulatory wholesale price reductions[(i)]						(15)
Insourcing initiatives[(j)]						2
Adjusted Run Rate EBITDA						**580**

The following table shows reconciliation of Adjusted Revenue for the relevant periods to EBITDA and Adjusted EBITDA:

	For the quarter ended							
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar 31	June 30	Sept. 30	Dec. 31
	2017				2018			
	(unaudited) (€ in millions)							
Adjusted Revenue	**319**	**323**	**316**	**322**	**317**	**315**	**312**	**322**
Loss for the period	(18)	(131)	—	(17)	2	(44)	20	11
Income tax (credit)/charge	(2)	(5)	1	—	1	(8)	(2)	3
Finance cost—net	34	145	25	25	25	27	25	25
Depreciation	68	69	70	70	75	76	70	70
Amortization	28	28	25	25	25	26	22	23
EBITDA[(a)]	**110**	**106**	**121**	**103**	**128**	**77**	**135**	**132**
Change in accounting policy for joint arrangements[(b)]	1	2	1	1	1	2	2	(4)
Profit on disposal of property, plant and equipment	—	(2)	—	—	—	(1)	—	—
Non-cash lease fair value credits[(c)]	(1)	(2)	(2)	(2)	(1)	(2)	(2)	(2)
Non-cash pension charge[(d)]	4	6	3	4	4	4	3	5
Exceptional items[(e)]	17	36	2	16	5	64	—	10
Adjusted EBITDA	**131**	**146**	**125**	**122**	**137**	**144**	**138**	**141**

(a) Our EBITDA includes EBITDA attributable to Tetra, which will be an unrestricted subsidiary under the Indenture and not subject to the covenants thereunder. Our 56% proportionate share of Tetra's EBITDA was €9 million, €11 million, €10 million for the financial years ended June 30, 2016, 2017 and 2018, respectively, €5 million and €5 million for the six months ended December 31, 2017 and 2018, respectively, and €10 million for the twelve months ended December 31, 2018.

(b) We adopted certain changes to our accounting policies effective July 1, 2014 and, among others, adopted IFRS 11, "*Joint Arrangements*." Under IFRS 11, our 56% investment in Tetra has been classified as a joint venture and the equity method of accounting has been applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. Adjusted EBITDA shows our results prepared on the basis of proportionate consolidation. See also "*Presentation of Financial Data*."

(c) The non-cash lease fair value credit included in the income statement is in respect of the unfavorable lease fair value adjustment which arose on the acquisition of eircom Limited. At the date of acquisition, on June 11, 2012, we were required to recognize a liability for the difference between the amount of future rental payments that had been contractually committed and the market rent that would have been payable if those contracts had been entered into at that date. The liability is released as a credit to the income statement over the period of the relevant leases. Non-cash lease fair value credit is included as an adjustment to our EBITDA.

(d) The non-cash pension charge represents the difference between the amount of cash contributions that we have agreed to make to the fund during the period, on an accruals basis, and the accounting charges recognized in the income statement in accordance with IAS 19 (*Revised*). As a result, non-cash pension charge is included as an adjustment to our EBITDA.

(e) In the quarter ended March 31, 2016, we incurred €5 million in one-off network repairs driven by exceptional flooding.

(f) The following are the exceptional credits and charges comprising exceptional items:

	For the year ended June 30,			For the six months ended December 31,		For the twelve months ended December 31,
	2016	2017	2018	2017	2018	2018
				(unaudited)		
				(€ in millions)		
Restructuring program costs[w]	27	52	68	3	1	66
Management incentive plan[x]	5	2	8	3	—	5
Onerous lease recognition[y]	21	27	(1)	—	—	(1)
Transaction related and strategic review costs	18	6	10	12	—	(2)
Group re-organization costs	—	—	—	—	4	4
Other exceptional items[z]	(3)	5	2	—	5	7
Exceptional items	68	92	87	18	10	79

(w) Reflects exceptional charges for restructuring program costs for staff exits during the periods presented. The charge of €1 million as of December 31, 2018 is an IAS 19 (Revised) defined benefit pension charge in relation to past service costs for staff who had exited the business in that period. The charge of €3 million as of December 31, 2017 is also an IAS 19 (Revised) defined benefit pension charge in relation to past service costs. The restructuring charges for the financial years ended June 30, 2016, 2017 and 2018 are mainly for staff who had either exited the business or were committed to exiting the business.

(x) During the periods presented, we recognized a charge in our income statement, with a corresponding increase in equity, in respect of contractual rights under our management investment plan awarded by Eircom Holdco S.A. to certain of our employees, for which we have no obligation to make any payment.

(y) Reflects certain exceptional charges for onerous lease provisions that we recognized during the periods presented. For the financial year ended June 30, 2018, we recognized an exceptional credit of €1 million, reflecting a release from the onerous lease contracts provision as a result of a change in our estimate of the expected outflows under the relevant leases. For the financial year ended June 30, 2017, we recognized exceptional charges of €27 million in respect of onerous contracts on our leasehold properties. For the financial year ended June 30, 2016, we recognized exceptional charges of €21 million in respect of onerous contracts on our leasehold properties.

(z) Reflects certain exceptional charges that we recognized during the periods presented. For the six months ended December 31, 2018, we recognized exceptional charges of €5 million in respect of certain legal matters. For the financial year ended June 30, 2018, we recognized exceptional charges of €2 million, comprising a €1 million charge in respect of certain legal matters and a €1 million charge for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in April 2016. For the financial year ended June 30, 2017, we recognized exceptional charges of €5 million, comprising a €4 million charge in respect of certain legal matters and a €1 million charge for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in April 2016. For the financial year ended June 30, 2016, we recognized an exceptional credit of €3 million, reflecting the release of dilapidation provisions in respect of Telephone House that were carried forward from the previous year.

(g) Full year impact of savings realized in connection with a voluntary leave plan implemented from July 1, 2018.

(h) Following the relocation of our headquarters from Heuston South Quarter and our intention to sublease our former headquarters, in respect of which we have a lease until 2033, we recognized an onerous lease provision in January 2019, as required under IAS 37 (International Accounting Standard 37). As a result, the cost of the lease and associated charges are no longer recognized in EBITDA. There can be no assurance as to the timing and amount of the anticipated sublease of the former headquarters.

(i) Full year impact of regulatory wholesale price reductions implemented from March 1, 2019.

(j) Estimated cost savings already achieved from insourcing.

(12) Adjusted EBITDA margin represents our Adjusted EBITDA divided by our revenue (on an as adjusted basis) for the periods presented.

(13) Capital expenditures consist of additions of property, plant and equipment and intangible assets for the periods presented.

(14) Net working capital movement consists of the net movement in inventory, trade receivables and trade payables and accruals less capital expenditure payables and accruals, interest payables, voluntary leaving accruals and exceptional costs for the twelve months ended December 31, 2018. Movement excludes movement in Joint Venture.

(15) Pro forma cash and cash equivalents represents our cash and cash equivalents on a pro forma basis for the Transactions. Excludes restricted cash of €23 million representing deposits for security in respect of ancillary facilities, including letters of credit and bank guarantees. See "*Regulation*." Also excludes €3 million of cash and cash equivalents attributable to our 56% interest in Tetra. Tetra will be an unrestricted subsidiary under the Indenture and not subject to the covenants thereunder. See "*Description of the Notes.*"

(16) Pro forma total debt represents our debt on a pro forma basis for the Refinancing Transaction, including an aggregate €850 million under the Notes offered hereby and from drawings under Facility B7.

(17) Pro forma net debt represents our total pro forma debt less pro forma cash and cash equivalents.

(18) Pro forma cash interest expense represents cash pay interest payable by Eircom Finco S.à r.l. under the Senior Facilities Agreement (including Facility B7) and the interest rate hedging facilities in relation to the Senior Facilities Agreement and cash pay interest payable by the Issuer in respect of the Notes, as if the Transactions had occurred on January 1, 2018. This amount does not include any commitment or utilization fees associated with the Senior Facilities Agreement. This is being presented for illustrative purposes only.

RISK FACTORS

An investment in the Notes to be issued in this offering involves a high degree of risk. Before making an investment decision with respect to the Notes, you should carefully consider the risks described below, in addition to the other information contained in this offering memorandum. These risks are not the only ones we face. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial, may also impair our business, financial condition and results of operations. If any of the possible events described below were to occur, our business, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We are dependent on Ireland for substantially all of our revenue and our business would be negatively impacted if the Irish economy were to falter.

We generate virtually all of our revenue in Ireland, where substantially all of our customers are located. Demand for our products and services is influenced by a number of factors, including the strength of the Irish economy. While the Irish economy is currently robust and the European Commission forecasts domestic economic growth of 4% in both 2019 and 2020, our business and results of operations have, in the past, been negatively affected by recessions in the Irish economy. If the Irish economy were to falter, our business, financial condition and results of operations could be materially adversely affected by the impact on telecommunications spending due to higher unemployment, emigration, tax increases and declines in overall consumer and business spending.

Increasing competition in the Irish fixed line telecommunications market makes our fixed line business vulnerable to further market share loss and decreasing revenue and/or margins, which could have a material adverse effect on our business, financial condition and results of operations.

As a former national telecommunications incumbent, our business has been adversely affected by customers switching legacy voice and broadband services to those offered by multinational competitors including Virgin Media (formerly UPC), Sky, Vodafone, Three and other smaller operators. We also face competition in the TV market, which we entered with the commercial launch of our IPTV offering in 2014, from established TV providers such as Sky and Virgin Media.

The level of competition we face may continue to increase as a result of increasing network convergence, which has facilitated the emergence of competitively priced bundles of services including combinations of fixed voice, broadband, mobile, TV and entertainment services. This competition comes from well-funded, multi-national competitors including Virgin Media, Vodafone and Sky.

In addition, The Electricity Supply Board (“ESB”), the incumbent power network company in Ireland, has partnered with Vodafone in a joint venture (“SIRO”) to offer FTTH broadband services on a wholesale basis. SIRO announced plans to invest €450 million in building an FTTH broadband network, offering speeds up to 1 Gb/s to 500,000 premises in fifty-one regional towns. SIRO’s original announcement stated an intention to complete the roll-out by the end of 2018. However, according to a release from SIRO in December 2018, they had passed over 200,000 premises by then. Filed accounts for SIRO disclosed revenue of €3 million for the year ended December 31, 2017, and in December 2018 SIRO announced that Sky would begin to offer services on the network, which is likely to help SIRO gain further wholesale broadband market share.

Increasing competition in the Irish wholesale and retail fixed line telecommunications market could result in decreases in market share and/or price erosion and increased pressure on our profit margins, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our business, financial condition and results of operations could be materially adversely affected by continued fixed-to-mobile substitution as well as the substitution by non-traditional voice and data services providers.

The Irish fixed line telecommunications market has been, and will continue to be, influenced by fixed-to-mobile substitution (i.e., using mobile networks to handle traffic that traditionally would be handled on a fixed network), convergence (i.e., using any device anywhere to access services, such as VoWifi that allows customers to access voice service on wi-fi networks using a smartphone) and service evolution (e.g., VoBB that allows customers to access traditional voice services through a single data connection which is also used for broadband), the strength of which trends is increasing due to higher smartphone penetration, competition from traditional and non-traditional service providers and changing customer preferences. These trends have affected the telecommunications industry globally, and in particular voice services. As fixed line subscribers place more calls from their mobile phones, retail voice traffic has declined. In addition, some subscribers are choosing to forego having an access line installed in favor of using a mobile phone. This has partly contributed to the number of fixed voice telephone subscriptions in the country decreasing by 0.8% in the quarter ended December 31, 2018, compared to the quarter ended December 31, 2017. In the same period, total mobile market minutes increased by 1.0%. The total market volume of retail mobile minutes in the quarter ended December 31, 2018 (3.2 billion) is 4.3 times total market volume of retail fixed minutes. The availability of higher capability mobile broadband, including improved services that are facilitated by 4G and 5G technologies, are factors that may contribute to further fixed-to-mobile substitution, convergence and service evolution, although we believe that continued growth in data loads will have a favorable impact on demand for fixed broadband services. To the extent we are unable to offset decreases in fixed line service revenue resulting from these trends with increased mobile revenue, our business will continue to be adversely affected.

Each of the MNOs (eir, Vodafone and Three) have announced plans to invest in 5G networks, which will facilitate higher-speed mobile data services. Although these services will open up new market opportunities for us, the technology will also provide an alternative to our high-speed fiber broadband network for our competitors. While we do not expect that 5G services will be able to offer the same level of speed and reliability as fiber broadband, the services may be adequate for some customers and lead to increased competition. In addition, the fixed wireless access provider, Imagine, announced in February 2019 that it intends to roll-out a new high-speed broadband service offering speeds of up to 150 Mbp/s initially to 325 of its sites in rural and regional areas by June 2020 which may also result in increased competition.

Substitution from non-traditional fixed and mobile voice and data services, in particular over the top ("OTT") applications, such as Skype, Apple iMessage and Facetime, Google Talk, WhatsApp, WeChat and Facebook, is likely to continue to adversely affect our business. These OTT applications are often free of charge, accessible via smartphones and smart devices that allow their users access to potentially unlimited messaging and voice services over the Internet, using small portions of their data allowance and thus avoiding more expensive traditional voice and messaging services (SMS/MMS) provided by traditional operators such as eir. A further advantage of OTT, or other cloud-based services, is that they allow easier migration from one device to another, or one carrier to another, when compared with traditional voice and messaging services, while retaining past messaging data. This appears to be an increasing differentiator in a market where the lifetime of a device is ever decreasing. With the growing proportion of smartphones in the mobile subscriber base in Ireland and the increasing adoption of smart devices such as tablets, an increasing number of fixed and mobile customers are using OTT services. All MNOs are currently competing with OTT service providers who leverage existing infrastructures and are often not required to implement the capital-intensive business models associated with traditional fixed line operators and MNOs like eir. OTT service providers have become increasingly sophisticated, and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. Moreover, players with strong brand recognition and substantial financial resources, such as Apple, Google, Facebook and Microsoft, are expected to continue to grow their OTT services.

If the trends of fixed-to-mobile substitution, convergence and service evolution, in addition to increased competition from both traditional and non-traditional voice and data service providers, continue without compensating growth in services such as mobile or fixed line NGA, and if we are not able to address these trends, and develop appropriate strategies to obtain revenues from the new service set, this could result in continued declines in retail voice traffic and retail access lines as well as declines in ARPU and lower margins across our business, which could have a material adverse effect on our business, financial condition and results of operations.

In addition to the trends that are changing the product set, we face possible threats from irrational pricing. Large global service providers have the scale and resources to implement and sustain for long periods irrational pricing that can destroy value within markets (*e.g.* the reduction in SMS volumes caused by the widespread adoption of WhatsApp). While we have recently seen price increases from our operator competitors which may indicate that irrational pricing is less of a risk, these developments by global players and non-traditional telecommunications providers could in any event bring us into competition with a new set of competitors. Some of the non-traditional service providers have further expanded their services in some markets into the provision of more traditional telecommunications services, either on a trial basis to provoke a deployment reaction from traditional players, or as an actual example of future business offerings. Examples of such offerings include Google Fi, Apple SIM, Google fiber and LinkNYC. A failure to establish beneficial partnerships or effective competition strategies in the face of these developments could result in a material adverse effect on our business, financial condition and results of operations.

We face competition in the Irish mobile telecommunications market, which may adversely affect our business, financial condition and results of operations.

There are currently three main MNOs in the Irish mobile telecommunications market: eir, Vodafone and Three. Respective revenue market shares for the quarter ended December 31, 2018 were 42.5%, 32.0% and 18.5%. In addition, there are smaller MVNOs, including Tesco Mobile, which represents 4.4% revenue market share, and a number of others with a combined revenue market share of 2.7%, for the quarter ended December 31, 2018, that deliver their services over networks provided by the MNOs.

The European Commission's approval of the acquisition of O2 by Three was subject to certain conditions, including enabling the entry of two MVNOs into the Irish telecommunications market (the European Commission's decision left open the possibility for at least one of the two MVNOs to become a full MNO at a later date). As a consequence of one of the conditions imposed upon Three during its acquisition of O2, two additional MVNOs launched in 2015: Virgin Media and iD Mobile (owned by Carphone Warehouse), though neither have gained a significant subscriber base and iD Mobile ceased trading in 2018. The entry of new MVNOs and the potential transition of MVNOs to MNO status represent an increasing competition in the Irish mobile telecommunications market. See "*Risk Factors—Risks Related to Our Business and Industry—Consolidation in the Irish telecommunications market could adversely affect our business*" for further details.

Competition for customers among all of these operators is based principally upon the services and features offered, the technical quality of the mobile network and its coverage, customer service, capacity, and increasingly on price, with the introduction of a growing number of packages bundling minutes, SMS and data. We own less mobile spectrum than each of the two market leaders, Vodafone and Three. As such, there is a risk that, as demand for high-speed data increases over time, and if we do not obtain further allocations of spectrum, our spectrum allocations could become congested with data traffic, causing us to be unable to compete efficiently on data speeds with competitors.

Competition in the market also continues to put pressure on market revenue in both the postpay and prepay segments. As of December 31, 2018, 47% of our mobile handset customer base consisted of prepay users, which is higher than the proportion for Vodafone (33%) or Three (40%) for the same period. The churn of prepaid customers is significantly higher than that of postpaid customers and prepaid customers also have a lower ARPU than postpaid customers.

We expect that in the near to medium term the total number of subscribers in the Irish mobile telecommunications market will level off, and market growth will be driven largely by new services such as B2B mobile services, the Internet of Things ("IoT") and the "Connected Society," bundled offerings and content. Accordingly, our ability to maintain our mobile revenue and defend and grow our subscriber base will depend in part upon our ability to retain existing customers by offering attractive bundles and new offerings which increase the ARPU and the lifetime value of the customer, our ability to induce our customers to switch from prepaid to postpaid plans, our ability to stimulate demand for new services, including eir Sport for mobile, 4G and VoWiFi, and our success in convincing mobile users to switch from competing operators to our mobile or converged services. To grow further, it will also be necessary for us to compete in the IoT and the Connected Society spaces.

If we are not able to compete effectively with other MNOs and MVNOs, our business, financial condition and results of operations could be materially adversely affected.

Consolidation in the Irish telecommunications market could adversely affect our business.

The Irish telecommunications market has been consolidating over recent years, including Vodafone's acquisition of several small fixed line operators and its acquisition of BT's consumer customer base, and more recently Three's acquisition of Telefonica O2 Ireland.

Any further consolidation in the Irish telecommunications market in the future, such as a merger between Vodafone and Virgin Media, could have a material effect on our business, financial condition and results of operations.

We may not be able to successfully continue to implement our bundling strategy, which could have an adverse impact on our results of operations.

A significant component of our strategy is to continue to expand our bundled offerings, which comprise fixed voice, broadband, TV (including sports content) and mobile services. We believe that bundling reduces churn of fixed line subscribers, reduces the cost of retaining, billing and serving the subscriber base while attracting new broadband subscribers, increases the number of RGUs per subscriber and increases ARPU. We have increased the proportion of our customer householders taking either three or four eir services to 31% as of December 31, 2018, from 18% as of December 31, 2015. Our ability to successfully continue to implement this strategy may, however, be adversely affected if demand for broadband services, particularly high speed broadband services, does not continue to grow in Ireland as we expect or if competition increases, whether as a result of the entry of new competitors or otherwise. In particular, other operators may offer more competitively priced bundles than those offered by us. Our ability to offer bundles is also dependent in part on the successful completion of our planned roll-out of fiber based access technologies to facilitate higher broadband speeds. Technological developments such as new platforms for broadband or TV access and/or distribution operational support systems and business support systems may also adversely affect the competitiveness of our bundled offerings. Furthermore, while we have obtained a degree of regulatory clarity following ComReg's Final Decision D04/13 (ComReg 13/14) in relation to bundling of services, there can be no assurance that we will continue to obtain regulatory approval for all of our bundling initiatives. See "*Regulation—The Regulatory Regime—SMP Regulation of our retail fixed access products and services*." If we are unsuccessful in implementing our bundling strategy, whether due to competition, ComReg decisions, regulatory barriers or otherwise, or if we are unable to increase our market share through our bundles, our business, financial condition and results of operations may be materially adversely affected.

A failure to acquire sufficient rights to offer a compelling sports content offering could lead to increased churn in the Consumer Business.

eir Sport is an important part of our bundle strategy, offering currently seven sports channels to customers (eir Sport 1, eir Sport 2, BT Sport 1, BT Sport 2, BT Sport 3, BT Sport/ESPN and Boxnation).

In October 2018, Sky and BT announced that Sky would become the distribution partner for BT Sports in Ireland following the expiry of the contract with eir Sport in June 2019. This followed a cross-supply content agreement between Sky and BT in the UK announced in December 2017. In March 2019, Sky announced it would become the distribution partner for Premier Sports, which owns the rights to the remaining Premier League games not available through Sky Sports or BT Sports.

Additionally, in September 2018, Virgin Media launched its own sports channels with rights including UEFA Championships match per week (with another free-to-air) and UEFA Europa League games.

Over the past 18 months, we have built a strong portfolio of sports content including exclusive Guinness Pro 14 Rugby Coverage and the 2019 Rugby World Cup, as well as extending our Allianz League GAA and League of Ireland football content deals. Notwithstanding this, if we are unable to agree a sub-licensing deal with Sky on sports content it would be a significant dilution of the overall sport content proposition.

A failure to acquire sufficient sports rights content to allow us to continue to differentiate ourselves could result in higher levels of churn and a decline in customer acquisitions for our bundled services that could have a negative effect on our business, financial condition and results of operations.

We are increasingly dependent on revenue generated from data services and a failure to successfully compete in data services could have an adverse effect on our fixed line business and results of operations.

Our fixed line business is increasingly dependent on revenue generated from data services, particularly broadband services, and end-to-end business solutions within our Business division to offset the impact of our results of operations in the declining market for fixed line voice and access services and to maintain the long-term profitability of the business. A number of factors could limit our ability to increase our revenue from data services, including weak growth in customer demand for data services, difficulties or delays in the continued roll-out of our NGA fiber network, limited customer adoption of more advanced and faster forms of broadband services, increased price competition from other data service providers or a slow uptake of services rolled out in rural areas.

Revenue growth from data services must be balanced with appropriate pricing to maximize widespread adoption by the greatest number of users and to encourage migration to higher-speed offerings. Our broadband services are subject to competition from services provided by competitors using other technologies such as cable, wireless or satellite, and from services built by competitors that are based on unbundled local loops, line share and co-location. In addition, our fixed line business is facing increased competition in this market from mobile companies following the deployment of 4G, which allows mobile operators to offer higher rate data services to their customers via their mobile networks. Our lower share of the mobile market relative to our share of the fixed line market makes us vulnerable to such competitive pressures.

We are attempting to address these challenges with a number of programs, such as by rolling out fiber-based NGA fixed line services, including FTTH, improving our 4G mobile network and launching 5G, as well as offering bundled telecommunications services which now include mobile services for our business customer segment. If these programs are not successful, however, we may not maintain or grow our broadband revenue, which would materially adversely affect our business, financial position and results of operations.

Our fixed line telecommunications services are subject to extensive regulation and regulatory initiatives aimed at increasing infrastructure based competition. Evolution of an adverse regulatory framework could have a negative impact on our results of operations.

The fixed line telecommunications services that we provide are subject to extensive regulation. ComReg regulates the manner in which we provide many of our retail and wholesale services and the prices at which they are provided, and is mandated to pursue a policy of fostering increased competition in the Irish fixed line telecommunications market. In addition, the Minister for Communications, Climate Action and Environment may, in the interests of proper and effective regulation of the Irish fixed line telecommunications market, give policy directions to ComReg to be followed in the exercise of its regulatory functions. In recent years, ComReg has taken a number of measures designed to further increase competition. These initiatives include requiring eir to provide specified wholesale services and unbundled network services to OAOs in order to allow these operators to compete in the retail market and, more recently, measures seeking to facilitate and increase the use by other providers of our physical infrastructure, such as ducts and poles, to allow the deployment of new network infrastructure. Provision of these wholesale services to competitors has contributed to our loss of market share in the retail fixed line market, which may continue, and would negatively impact our business, financial condition and results of operations.

We may be subject to increased competition in the broadband market as a result of Government initiatives to promote broadband infrastructure investment including by our competitors, which may negatively impact our results of operations.

The Irish Government has in the past and is currently taking a number of initiatives, including providing funding, as part of the National Development Plan to promote investment in broadband infrastructure in Ireland.

The Department of Communications, Climate Action and Environment (the "Department") published the NBP in August 2012 in which targets were set out for broadband speeds to be achieved by 2020. The government's currently proposed NBP intervention area of 542,000 premises will involve an end-to-end strategy for the delivery of reliable high speed wholesale open access broadband network that includes a major fiber build-out to rural areas. National Broadband Ireland (NBI) is the last remaining bidder in the NBP process and if the tender is awarded to NBI, they intend to access our pole and duct infrastructure within the intervention area.

A roll-out by NBI is likely to result in a lower utilization of our copper network within the intervention area, as customers migrate to fiber broadband. We, however, would expect additional rental income from NBI for access to our pole and duct infrastructure to largely compensate for revenue losses. There are a range of potential financial outcomes if the NBP contract is awarded, depending upon how much of our network NBI ultimately uses, how quickly customers migrate from our copper network and how quickly the copper network can be retired. In addition, while our retail divisions would intend to operate on the NBP network, we may not gain the same level of market share as we currently have within the intervention area. The final outcome of the NBP process could therefore potentially have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain a favorable brand image or maintain a positive customer experience, we may be unable to retain existing and/or attract new customers, leading to loss of market share and revenue.

Our ability to attract new customers and retain existing customers depends in part on our ability to maintain a favorable brand image and to ensure a good level of customer experience. The telecommunications market is driven by, among other factors, customer satisfaction, which may be impacted by a variety of factors, including customer's perception of the overall package, price-value ratio of services, network quality, coverage, functionality and speed and operator's ability to solve customer problems in a fast and efficient way (customer service). We track customer perception and experience, which helps guide our efforts to maintain and improve the position of our brands in the market, including advertising, sponsorship, and ensuring that overall company performance in terms of product portfolio, service provision and management is subject to regular review and improvement initiatives. We also continuously aim to provide high levels of customer service, both in terms of the customer experience when using our services and also in connection with handling complaints and solving customer problems. A number of cost optimizing measures in customer care were taken under previous ownership and have since then been reversed, including having brought customer care back in-house to help improve our customer service and our reputation in the market. If we are not successful in maintaining a favorable brand image, or if brand promotions by our competitors prove more successful at attracting and retaining customers, and/or we fail to improve customer satisfaction levels sufficiently (or we are ranked behind our competitors in satisfaction studies), our ability to acquire new customers and increase our customer churn may be affected, which could have a material adverse effect on our business, financial condition and results of operations.

Our mobile business relies significantly on third parties to distribute our products and procure customers.

Our mobile business currently relies significantly on key third party distribution partners to distribute our products and services through various non-exclusive channels. Mobile retail specialists generally also procure customers for our competitors and they may be incentivized to encourage potential customers to choose mobile services offered by our competitors rather than our own mobile services.

In addition, our mobile business outsources the assembly, storage and distribution of handset and subscriber identity mobile packs. In certain circumstances, our mobile business relies on third parties to provide accurate and robust IT systems and systems and equipment capable of interfacing, where necessary, with our mobile systems. Improvement in the customer experience has been a focus for us, and to the extent we rely on third party providers for customer service, we are at risk of not meeting our improvement goals should such third parties not provide the level of service we expect. A failure to meet customer service targets could increase churn and adversely affect our revenues.

The failure to maintain these key distribution relationships on acceptable terms, or the failure of our distribution partners to procure customers, could have a material adverse effect on our business, financial condition and results of operations.

We may not achieve the return we anticipate in connection with the investments we have made in our NGA network, our 4G network, our upcoming 5G network and other projects.

We have undertaken a major program of capital expenditure to facilitate the transformation of our business and enable us to respond to the technological and competitive challenges we face. Our capital expenditure has mainly focused on the roll-out of our NGA network, investments in spectrum to roll-out 4G services, investments in new IT capabilities and investments in TV (including content). In time, we expect significant benefits to be realized as a result of these investments. In particular, the investments in our NGA, 4G and soon 5G networks not only enable us to meet customers' strong demand for high speed data, but are also a key component of our bundling strategy, and investments in TV content (including eir Sport) will enable us to make our IPTV offering more attractive and roll-out our TV everywhere initiative. We cannot be sure, however, that these investments will generate the return we anticipate.

Our business may be adversely affected as a result of our dependence on our network sharing agreements.

We have a network sharing agreement (called "Mosaic") with Three that lasts until 2030. We have completed the sharing commitments under the contract and, as of February 2018, we had shared 344 of our sites with Three and Three had shared 488 sites with us. The addition of further sites under the Mosaic agreement will effectively be on a case by case basis. We also have a complimentary site agreement with Vodafone that runs to the end of 2028. We now utilize both the Mosaic and Vodafone agreements to ensure the most efficient site roll-out for our business.

With approximately half of our sites shared under network sharing agreements, we are dependent on the success of these agreements to maintain the cost efficiency and flexibility to further develop these shared network sites as required for our business. A failure to maintain these efficiencies or continue our network sharing agreement could have a material adverse effect on our ability to maintain or expand our mobile network to a cost effective manner.

The telecommunications industry is subject to rapid changes in technology and our success depends on our ability to effectively deploy new or enhanced technologies as well as make substantial investment across our fixed and mobile networks, business systems and television content offerings.

The technologies used in the telecommunications industry are rapidly evolving, and there can be no assurance that we will be able to sufficiently and efficiently adapt the services we provide to keep pace with these developments or be able to fund investments in current and new technologies required to remain competitive. In particular, certain communications technologies, such as LTE and VoIP, and fiber optics technology allowing for faster data transmission and lower unit cost per gigabyte of transferred traffic, are increasingly important in the markets in which we operate. We expect that 5G services will also become an important technology in the coming years. Due to the rapid evolution of technology, there can be no guarantee that we will be able to predict and devote appropriate amounts of capital and resources to develop the necessary technologies to satisfy existing subscribers and attract new subscribers or that we will recover the investments we have made in such technologies. Furthermore, technological change and the emergence of alternative technologies for the provision of telecommunications services that are technologically superior, cheaper or otherwise more attractive than those that we provide may render our existing services less profitable, less viable or obsolete. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. We cannot currently predict with certainty how emerging and future technological changes will affect our operations, nor can we predict when new technologies required to support our planned services will be available. If we are unable to keep pace with technological developments, or are unable to fund our current and future capital programs, or if we are unable to realize the gains in revenues, market share and profitability that we expect from our capital programs, our business, financial condition and results of operations could be materially adversely affected.

We depend upon the proper functioning of our network, IT, billing and customer relation management systems and must continuously upgrade these systems.

We must continue to maintain and upgrade our network, IT, billing and customer relationship management ("CRM") systems in a timely manner in order to retain and expand our subscriber base. In particular, a number of business facilities, including our data center and IT systems, have limitations. While our intention is that these facilities and systems will be replaced as part of our IT transformation projects, there is a risk that our business will be unable to replace certain facilities and/or systems on time, or in a commercially viable manner. Moreover, the complexity of our current IT systems may affect our ability to launch new services in a timely manner.

In addition, a large number of customers remain on old, inflexible systems, with limited experienced staff to support and develop them. We are actively managing the migration of customers to bundled products on a converged billing system that will mitigate the impact of this risk, but delays in this planned migration could adversely impact the achievement of revenue targets. Furthermore, we are also mobilizing a new transformation program to refresh our IT infrastructure over the next three to five years which we believe will address our challenges with legacy IT.

Moreover, requirements to upgrade network functionality, expand and maintain customer services, update network management and administrative systems and upgrade older systems and networks to adapt them to new technologies are not entirely under our control and may be affected in the future by, among other things, applicable regulations.

Although we are actively working on projects that will transform our IT network, billing and CRM systems, if we fail to successfully upgrade these systems or maintain the existing systems, our customer service levels may suffer and we may lose existing subscribers to our competitors, or we may be required to make unbudgeted investments.

Our profitability may suffer if we are unable to successfully introduce new products or enter new market segments or businesses.

As part of our strategy, we seek to identify and exploit opportunities for future growth, including introducing new products or entering into new market segments or into new telecommunications businesses. For instance, we believe that our acquisition of Setanta Sports Ireland (now eir Sport) and entry into the TV content business are making our IPTV offering and bundles more attractive and support our TV everywhere proposition. We have also invested significantly in convergence, having launched VoWiFi as the first in the Irish market, launched VoBB and will in due course introduce VoLTE. Further developments will be needed in the future to maintain leadership as a converged operator and we may need to invest substantial funds and other resources, or enter into strategic alliances or partnerships in order to introduce new products or to enter and compete in these market segments or businesses. In addition, to the extent we expand into new business lines, we will be faced with risks and challenges which differ from those we have traditionally faced, and may be required to make further investments or enter further partnerships, which we may not succeed in forging, to maintain our position in such new market segments or businesses. We may not have the resources necessary for such investment or find suitable partners, nor can we be sure that any market segments or businesses that we enter into in the future will perform as well as we might expect.

We will continue to seek to lower our cost base and improve profitability. The cost saving measures we introduce may be costly or difficult to implement or may otherwise disrupt our business.

We have implemented a number of cost savings initiatives over time to reduce our operating cost base by €157 million in the five years between the financial year ended June 30, 2013 and the financial year ended June 30, 2018. During this period, we reduced our employee headcount by over 1,913 heads and delivered significant non-pay cost reductions through a program of initiatives across the business. As part of our strategy, we are focusing on a cost transformation program, which includes the simplification and digitalization of our business, operation and processes.

Costs associated with the implementation of future cost savings initiatives could have an impact on our results of operations. For example, we may be faced with increased expenses related to our in-sourcing of key customer facing functions (including costs associated with hiring and training staff and investing in equipment). Additionally, cost savings measures such as in-sourcing may prove disruptive to our business, may require significant management time to implement and may be subject to various other risks, including unforeseen additional costs, technical complications or labor unrest. For example, we have in the past been indirectly impacted by industrial action between our previous customer care outsourcing provider and its employees in relation to the in-sourcing of customer care functions. Moreover, actual additional cost savings may be lower than we expect and may take longer to achieve than planned. Failure to successfully implement any such cost reduction initiatives, or the loss of critical skills or capabilities while implementing them, or an inability to fully realize their planned cost and productivity benefits could have a material adverse effect on our business, financial condition and results of operations.

Strikes or other industrial actions could disrupt our operations or make it more costly to operate our facilities.

We have a well-developed collective bargaining relationship with our trade unions. The terms and conditions for “graded employees” are the subject of collective bargaining agreements, primarily, but not exclusively, negotiated through the Joint Conciliation Council, in which all of our recognized trade unions participate.

These agreements provide for a dispute resolution process whereby we would utilize the services of the Workplace Relations Commission in the case of genuinely exceptional matters and in circumstances where disagreements persist following the exhaustion of all internal procedures. As of December 31, 2018, approximately 42% of our employees were subject to collective bargaining agreements.

While the risk of industrial action is mitigated by commercial arrangements and wider stakeholder management, any significant deterioration in labor relations could result in operational disruptions which could have an adverse effect on our business, financial condition and results of operations.

Failure to attract and retain key personnel may impact our ability to deliver our financial plans.

The performance of our business depends significantly on the efforts and expertise of management and other key senior personnel. Retaining qualified commercial, technical and key leadership has become more challenging in the digital/communications industry where there is significant competition for experienced personnel. Therefore, we have developed a comprehensive People Strategy which encompasses a clear vision and purpose for all our people. We have implemented companywide pay increases and bonus payments, and will continue to refresh our approach to how we manage performance and grow our people. However, if these initiatives do not succeed in allowing us to retain key people, we may suffer disruption to our operations and may be unable to deliver our financial plans, which could have a material adverse effect on our business, financial condition and results of operations.

In April 2018, we launched an Incentivized Exit Scheme, which was designed to facilitate employees to leave the organization on a voluntary basis and largely completed by December 31, 2018. While management believes that disruption to the business has been minimal, the loss of critical skills could have a material adverse effect on our business, financial condition and results of operations.

Over the next three to eight years, the majority of our network and fixed line technology staff will reach retirement age, and this capability and knowledge will exit the business. To mitigate this risk, we continue to build a strategic relationship with KN Networks, who partner with us as a managed service provider in Field Operations, and we have implemented a five year program to recruit apprentices and graduates to ensure this knowledge and capability is not lost. We recruited 166 apprentices in the three years to June 30, 2018, with a further intake of 48 apprentices recruited in late 2018. If we do not succeed in replenishing this knowledgeable workforce, through apprentice and graduate recruitment, the exit of these workers will cause disruption to our operations and will impact our ability to deliver our financial plans, which could have a material adverse effect on our business, financial condition and results of operations.

Any acquisitions or divestitures we may make could disrupt our business and materially harm our financial condition, results of operations and cash flows. There are integration and consolidation risks associated with recently completed and potential future acquisitions and divestitures.

Future acquisitions and divestments may result in significant transaction expenses, increased leverage and unexpected liabilities. Future acquisitions may result in risks associated with entering new markets, and we may be unable to profitably operate the acquired businesses.

We completed the Setanta Sports Ireland (now eir Sport) acquisition in April 2016 and may, from time to time, consider certain additional acquisitions or divestitures, in markets where we currently operate as well as in markets in which we have not previously operated. We may lack sufficient management skills, financial and other resources to successfully integrate our acquisitions. In addition, we may not be able to identify suitable acquisition candidates in the future, or may not be able to finance such acquisitions on favorable terms.

Acquisitions and divestitures involve numerous other risks, including the diversion of management's attention from other business concerns, undisclosed risks impacting the target entity and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions or divestitures could increase our leverage. Raising external financing could impact our financial position or create dilution for our shareholders. Any future acquisitions may result in significant transaction expenses, unexpected liabilities and risks associated with entering new markets in addition to the integration and consolidation risks.

We cannot provide assurances that any acquisitions or divestitures will perform as planned or prove to be beneficial to our operations and cash flow, or that we will be able to successfully integrate any acquisitions that we undertake. Any such failure could seriously harm the financial condition of the company, results of operations and cash flows.

Our increasing dependence on information technology systems to provide services and run our business exposes us to risks of hacking, piracy, terrorist or cyber-attacks, security breaches, natural disasters, casualties or facilities/systems failure, which could damage our business and potentially lead to regulatory penalties.

The performance and reliability of our IT systems and facilities, our networks and our fixed line and mobile telecommunication services, are critical to our ability to attract and retain customers and meet our regulatory universal service obligations. These include sophisticated critical facilities and systems such as IP routers, exchanges, switches, transmission systems, other key network points, data centers and core billing and customer service systems. The hardware supporting these systems is housed in a number of locations. These systems, facilities (some of which are owned by third parties) and networks, and the services that we provide, may be subject to damage or disruptions resulting from criminal or terrorist acts or as a result of malicious hacking, piracy or cyber-attack, or from numerous other events, including infrastructure defects, fire, flood, storm or other natural disasters, power outages, unanticipated IT problems, computer viruses and equipment, system or infrastructure failures. Our business continuity plans and our network and IT security policies and procedures may not be sufficient to prevent or mitigate the impact of any such damage, disruption, economic loss or regulatory penalties.

A major disruption to our infrastructure or to a third party supplier's systems could result in a failure of our networks or systems, or of the third party owned local and long distance networks on which we rely for the provision of interconnection and roaming services to customers. This would affect the quality of service or cause temporary service interruptions, which could result in customer dissatisfaction and reputational damage, regulatory penalties and reduced revenue and earnings and could thereby have a material adverse effect on our business, financial condition and results of operations.

We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in substantial fines, loss of reputation and the loss of customers and adversely affect our business. The risk of significant fines associated with a data protection breach has increased due to the implementation of the new EU General Data Protection Regulation (GDPR) in May 2018.

We collect, store and use data in the ordinary course of our business that is protected by data protection laws. Although we take precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, these precautions might not be successful and certain subscriber data may be exposed due to human error or technological failure or otherwise be used inappropriately. We work with independent and third party suppliers, partners, sales agents, service providers and call center agents, and it is possible that such third parties could also experience system failures involving the storing or the transmission of proprietary data. Violation of data protection laws by us or one of our partners or suppliers may result in fines, reputational harm and the loss of customers and could have a material adverse effect on our business, financial condition and results of operations.

We have been prosecuted by the Data Protection Commission on a number of occasions since 2011 for various breaches of data protection laws relating to the sending of marketing communications as well as data security matters; however, the fines and settlements imposed in these cases, individually and in the aggregate, were not material. The Data Protection Commission has recently issued its final audit report in respect of Eircom Limited (now eircom Limited (Ireland)) that did not contain any material recommendations.

In August 2018, we reported a data breach of personal details for up to 37,000 customers to the Data Protection Commission. The data consisted of names, email addresses, phone numbers and eir account numbers. This was a result of the theft of one laptop, which had been decrypted due to a faulty security update and was stolen offsite. No other personal or financial data relating to customers was stored on the laptop in question and the incident was reported promptly to the police and the Data Protection Commission. While there is no evidence at this time that the data at risk has been used by a third party it illustrates the increasing reputational and cost risks arising from data and technology-related issues. The Data Protection Commission has not yet closed its investigation. Due to significant potential fines, a breach of these regulations could have a material adverse effect on our business, financial condition and results of operations.

New data protection laws and regulations could have a material adverse effect on our business, financial condition and results of operations. For example, the EU General Data Protection Regulation ("GDPR") was implemented on May 25, 2018 and introduced new compliance obligations in relation to the commercial use of personal data, which includes our subscriber data. This regulation also introduced the potential for significant fines of up to €20,000,000 or 4% of total worldwide annual group turnover of the preceding financial year, whichever is higher, for non-compliance. The proposal for a new EU e-privacy Regulation to repeal and replace the current e-Privacy Directive 2002/58/EC, which was originally proposed to come into force simultaneously with the GDPR but after several postponements is now likely to come into force later in 2019 or 2020 (see "*Regulation*"), further could potentially include provisions for increased fines. Due to these increased fines, a breach of data protection regulations could, therefore, have a material adverse effect on our business and results of operations.

Criminal and anti-terrorism laws and regulations might result in a heavier regulatory burden on our business and increased operating costs.

We presently incur significant costs in relation to complying with the data retention requirements imposed by crime prevention laws and regulations. The Irish Communications (Retention of Data) Act 2011 requires all telephone and Internet service providers to retain call and Internet traffic records (including time and location data for mobile traffic) for a period of two years and one year respectively for the purpose of the prevention and investigation of serious crime by the Irish State's law enforcement agencies.

An actual or threatened act of terrorism or similar event could lead to a significantly higher regulatory burden on our business, and result in increased costs. We may also be required to assist Government departments in certain circumstances, such as national emergencies, which may require us to incur additional expenditures or to suffer disruptions to our network.

In addition, having run an extensive request for proposal process for an equipment provider for our mobile network investment, we recently appointed Ericsson as our core network strategic partner, with Huawei providing the radio access network equipment. Some government agencies have raised concerns about the security of Huawei's 5G network equipment and while this has focused to date on core network, the focus could shift to radio access network and the Irish or European authorities could move to restrict Huawei's inclusion in mobile networks, which could slow the upgrade of our mobile network.

These increased obligations, higher costs and potential disruptions could have a material adverse effect on our business, financial condition and results of operations.

System failures, hacking or misuse of our fixed line and mobile networks may damage our reputation and result in increased costs to our business.

Customers or others may misuse our networks in ways that could damage our reputation and result in regulatory or other measures that increase our costs. Examples of such potential misuse include using the network to make inappropriate contact with children, spamming, propagation of viruses, piracy of intellectual property, or engaging in fraudulent activities. As the telecommunications sector has become increasingly digitalized, automated and online-based, we have become exposed to increased risks of hacking and general information technology system failures. For example, in December 2016, we announced that we had identified unauthorized access by a third party on a small number of our broadband modems. This information was discovered as part of our investigations into a potential security vulnerability concerning two of our broadband modems, the Zyxel D1000 and Zyxel P-660HN-T1A devices. Immediate steps were taken to address this vulnerability through the remote re-setting of modems and an extensive communications campaign to customers, and the matter was also reported to relevant government agencies and the Office of the Data Protection Commission, which has since closed its file on the case. While there has been no evidence of any loss of customer data from this cyber-attack, it illustrates the increasing reputational and cost risks arising from the activity of cybercriminals. Unanticipated information technology problems, system failures, computer viruses, hacker attacks or unauthorized access to our servers could affect the quality of our services, compromise the confidentiality of customer data or cause service interruptions, which could harm our reputation and thereby have a material adverse effect on our business, financial condition or results of operations.

The loss of important intellectual property rights, including key trademarks and domain names, could adversely affect our business and results of operations.

Certain of our intellectual property rights, including key trademarks and domain names, which we believe are well known in the telecommunications markets in which we operate, are important to our business. A significant portion of our revenue is derived from products and services marketed under our brand names. We rely upon a combination of trademark laws, copyright and data base protection as well as, where appropriate, contractual arrangements to establish and protect our intellectual property rights. From time to time, we may make claims against third parties to protect our intellectual property rights against infringement. These claims can result in protracted and costly litigation, regardless of their merits, and may not ultimately be successful, which could adversely affect our business, financial condition and results of operations.

In addition to the risk that a third party may infringe our intellectual property rights, we face the risk that a third party may claim that we are infringing that third party's intellectual property rights. As a result, we may not be able to use intellectual property that is material to the operation of our business and/or may be obliged to take further actions. Alternatively, a third party may allege that one of our suppliers or customers is infringing that third party's intellectual property rights, and may bring a lawsuit to prevent such supplier from providing us with products or services important to our business, or customers from purchasing our products and services. If such a lawsuit were successful, we may be forced to stop using or selling the product or service and/or we may be required to undertake further remedial activities or efforts, either of which could have an adverse effect on our business, financial condition and results of operations.

Increasing data security requirements by financial institutions, certain other corporate customers and government entities may adversely affect our business and profitability.

We are a provider of mobile and landline services to a number of public and private financial institutions, government entities and corporate customers with data security requirements. These customers may continue to increase their data security requirements, and we may be required to undertake additional investments in order to adhere to these enhanced data security requirements, as well as to adhere to evolving statutory and regulatory requirements, including adhering to the GDPR framework, obtaining and maintaining certain ISO certifications, improving access rights management systems and developing a corporate data encryption infrastructure. As a result, we may incur additional capital expenditure to satisfy data security requirements. In addition, we cannot assure you that these customers will not terminate their contracts with us. Such terminations may have a material adverse effect on our business, financial condition and results of operations.

In the ordinary course of our business, we may become subject to lawsuits, indemnity or other claims, which could materially and adversely affect our business, financial condition, results of operations, profitability, cash flows and growth prospects.

From time to time, we are subject to various claims, lawsuits and other legal proceedings brought or threatened against us in the ordinary course of our business including, but not limited to, claims brought by third parties which provide services in connection with our business. These actions and proceedings may seek, among other things, compensation for alleged breach of contract, punitive damages and civil penalties or other losses, liquidated damages, consequential damages, or injunctive or declaratory relief. We review the status of any pending or threatened proceedings with legal counsel on a regular basis. In determining whether accounting provisions are required in respect of pending or threatened litigation, we review the period in which the underlying cause of the litigation or of the actual or possible claim or assessment occurred, the degree of probability of an unfavorable outcome, and the ability to make a reasonable estimate of the amount of potential loss. Upon considering these factors and any other known relevant facts and circumstances, we recognize any loss that is considered probable and reasonably quantifiable as of the balance sheet date.

The outcome of any litigation is difficult to assess or quantify and may not be consistent with our estimates and assessment of liabilities. Furthermore, because litigation is inherently uncertain, the ultimate resolution of any such claim, lawsuit or proceeding through settlement, mediation, or court judgment could have a material adverse effect on our business, financial condition or results of operations. In addition, claims, lawsuits and proceedings may harm our reputation or divert management's attention from our business or divert resources away from operating our business, and cause us to incur significant expenses, any of which could have a material adverse effect on our business, financial condition, results of operations, profitability, cash flows and growth prospects. See also "*Business—Litigation*."

Alleged health risks associated with mobile communications could lead to reduced usage of our mobile services and products, increased difficulty in obtaining transmitter sites or result in potential liabilities.

We operate our mobile network in full compliance with our license conditions and continue to engage with relevant state bodies and the general public on our network transmitter sites and locations including the measurement of radio frequencies on transmitter sites as required.

There can, however, be no certainty that further medical research and studies will not establish a link between the radio frequency emissions of mobile handsets and/or base stations and health concerns. As a result, government authorities could increase regulation of mobile handsets and base stations and public pressure may limit or delay the ability of MNOs, including our mobile operations, to install mobile phone masts at key sites.

If these health risks were to materialize, actual costs or damages could be significantly in excess of any limited insurance protection that we may have and we may have difficulty obtaining appropriate insurance protection for such risks. MNOs could be held liable for the cost of damages associated with these risks. This could have a material adverse effect on our business, financial condition and results of operations.

Our obligations under our employee pension schemes could adversely impact our cash flows, results of operations, financial condition and ability to pay dividends.

We operate a defined benefit pension scheme for approximately 1,670 employees as of March, 2019. The pension scheme also covers a significant number of past employees, including approximately 4,017 deferred members and approximately 10,295 pensioners as of March, 2019. The eircom Superannuation Fund satisfied the requirements of Part IV of the Pensions Act 1990 (the Minimum Funding Standard and Minimum Funding Standard Reserve) as of September 30, 2016 – the date of the last full triennial actuarial valuation – and as of the scheme year ended of March 31, 2018 and no additional funding was required. See "*Management's Discussion* *and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Employee Defined Benefit Pension Scheme*." If the scheme, however, were to go into deficit under the Minimum Funding Standard or actuarial valuation basis, the trustees might seek increased funding to restore the balance or, alternatively, either the trustees or the Group could seek to make changes to the scheme. Although we would likely take actions to limit any additional funding requirement, in such circumstances we may be obliged to make increased contributions to the pension scheme, which might in turn result in increased costs and cash outflows and have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to tax laws and regulations, the interpretation of which may change in ways that could be adverse to our business, results of operation and financial condition.

We are subject to complex tax laws. Changes in tax laws or practice could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws. There cannot be certainty that the relevant tax authorities are in agreement with our interpretation of these laws. If our positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations of our effective tax rate. The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

If a Guarantor makes any payments in respect of interest on Notes it is possible that such payments may be subject to withholding tax at applicable rates subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. It is not certain that such payments by the Guarantors will be eligible for relief or the exemptions to the same extent the Issuer would be.

As part of its anti-tax avoidance package, and to provide a framework for a harmonized implementation of the BEPS conclusions across the EU, the EU Council adopted Council Directive (EU) 2016/1164 (the "Anti-Tax Avoidance Directive") on July 12, 2016.

The EU Council adopted Council Directive (EU) 2017/952 (the "Anti-Tax Avoidance Directive 2") on May 29, 2017, amending the Anti-Tax Avoidance Directive, to provide for minimum standards for counteracting hybrid mismatches involving EU member states and third countries.

EU member states had until December 31, 2018 to implement the Anti-Tax Avoidance Directive (subject to derogations for EU member states which have equivalent measures in their domestic law) and have until December 31, 2019 to implement the Anti-Tax Avoidance Directive 2 (except for measures relating to reverse hybrid mismatches, which must be implemented by December 31, 2021).

The Directives contain various measures that could, depending on their implementation in Ireland, potentially result in certain payments made by the Issuer ceasing to be fully deductible. This could increase the Issuer's liability to tax.

There are two measures of particular relevance:

Firstly, the Anti-Tax Avoidance Directive provides for an "interest limitation rule" which restricts the deductible interest of an entity to 30% of its earnings before interest, tax, depreciation and amortization. However, the interest limitation only applies to the net borrowing costs of an entity (being the amount by which its borrowing costs exceed its taxable interest revenues and other economically equivalent taxable revenues).

Secondly, the Anti-Tax Avoidance Directive (as amended by the Anti-Tax Avoidance Directive 2) provides for hybrid mismatch rules. These rules are designed to neutralize arrangements where amounts are deductible from the income of one entity but are not taxable for another, or the same amounts are deductible for two entities. These rules could potentially apply to the Issuer where: (i) the interest that it pays under the Notes, and claims deductions, from its taxable income for, is not brought into account as taxable income by the Noteholder, either because of the characterization of the Notes, or the payments made under them, or because of the nature of the Noteholder itself; and (ii) the mismatch arises between associated enterprises, between the Issuer and an associated enterprise or under a structured arrangement.

The exact scope of these two measures, and impact on the Issuer's tax position, will depend on the implementation of the measures in Ireland.

The exit of the UK from the EU could adversely impact our business, results of operations and financial condition.

Following the UK Government's decision to invoke Article 50 on March 29, 2017, it is expected that the UK will leave the EU by October 31, 2019 (following an extension of the previously extended deadline of June 30, 2019 to October 31, 2019 following an emergency EU summit on April 10, 2019), although the UK's exit from the EU could happen before that time if the withdrawal and the framework of the future relationship between the UK and the EU agreement can be ratified before then.

At this stage, the nature of the future relationship between the UK and the remaining EU countries following the UK's exit has yet to be agreed and negotiations with the EU on the terms of the exit have demonstrated the difficulties that exist in reaching such an agreement. Depending on the terms of the Brexit negotiations, the UK could also lose access to the single EU market and to the global trade deals negotiated by the EU on behalf of its members. Such a decline in trade could affect the attractiveness of the UK as a global investment center and, as a result, could have a detrimental impact on UK growth.

Given Ireland's proximity to the UK and its strong trade, investment and financial links with the UK, a UK exit from the EU could lead to financial turmoil and damage Irish trade and the Irish economy. We generate virtually all of our revenue in Ireland, where substantially all of our customers are located. Demand for our products and services is influenced by a number of factors, including the strength of the Irish economy. Our business and results of operations have, in the past, been negatively affected by recessions in the Irish economy and any negative effects of Brexit on the Irish economy could have a material adverse effect on our business and results of operations.

We may suffer unforeseen costs and significant impacts to services and operations as a result of serious storms or floods that impact our network infrastructure, the threat of which may be increasing as a result of climate change.

We have previously suffered significant costs in repairing our infrastructure from the effects of storms and floods. In October 2017, we suffered a severe weather event referred to as Storm Ophelia, which was reported to be the eastern-most Atlantic major hurricane and regarded as the worst storm to affect Ireland in 50 years. In total, there were 100 weather warnings through the winter of 2017/2018 and we estimated a total once-off storm costs to eir of €3 million. Climate change may increase the likelihood of such weather volatility and unusually severe storms and we may suffer increasing damage from storms and floods, requiring increased costs to repair and degrading our service performance, which could result in customer dissatisfaction and adverse regulatory action. This could have a material adverse effect on our business, financial condition and results of operations.

As members of our workforce sometimes work on ageing infrastructure, work at heights and/or work alone, there is a risk of a failure to comply with health and safety policies that could lead to serious accidents, material claims, or fines.

We have a Fixed Access Repair field force of approximately 860 employees as of June 30, 2018. Health and safety policies, guidelines, alerts and safe working practices are in place to help minimize the main risks that could arise, such as fall from ladders, fall from poles, pole breaks and incidents during lone working. We also occupy premises that may contain or may have contained hazardous materials, such as asbestos, which we control and monitor. While we aim to eliminate health and safety risks where reasonably practicable, it is not possible to eliminate all risks when staff are working on ageing infrastructure, working at heights and/or working alone. Any serious accident, material claim or fine in connection with any such incident could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Regulatory and Licensing Matters – Fixed Line Business and Mobile Business

ComReg periodically issues pricing directions covering our services, which may have a negative impact on our fixed line revenue and operating profit.

ComReg requires us to provide wholesale services to OAOs and regulates the prices at which we offer these services. Our regulated services—which include, for example, access to our physical network infrastructure, unbundled local loop access services, wholesale NGA services, wholesale broadband access ("WBA") services, leased lines and interconnection services—generally are subject to access, non-discrimination, transparency and price control obligations, including cost orientation obligations and/or margin squeeze tests. ComReg has imposed cost orientation obligations using a number of costing methodologies. In some cases, for example LLU and call origination, prices must be based on the long run incremental costs of providing the service, together with a permitted rate of return on our capital. A costing methodology based on a combination of a bottom-up long run average incremental cost ("BU-LRAIC") modeling and top-down historical cost accounting is applied in respect of single billing WLR ("SB-WLR"), cost floors based on margin squeeze tests apply so that our wholesale and retail prices are at a level which generally allows other "similarly efficient operators" (with higher costs than ours) or "equally efficient operators" to compete with us in retail markets. ComReg recently decided to require eir to have cost-oriented prices for its FTTC-based WBA services using a BU-LRAIC methodology.

ComReg's most recent decision in relation to FTTC and FTTH prices sets the pricing methodology for a period of approximately five years. FTTC prices are cost oriented and FTTH rental prices are not subject to regulation other than a margin squeeze between FTTH retail offers and the downstream wholesale service needed to replicate that retail offer and a wholesale margin squeeze between FTTH bitstream and FTTH VUA.

We must also obtain prior ComReg approval before we can offer certain new services, including services relating to NGA, wholesale broadband, wholesale leased lines and any retail bundle with a broadband rental component, and before we can change the price of existing wholesale regulated services. If ComReg withholds or delays approval for, or places significant restrictions on our ability to launch, new bundled products and services, more competitive regulated services, or new broadband services, and by reducing the costs of our competitors and constraining our ability to lower prices in retail markets, the price controls could have a material adverse effect on our business, financial condition and results of operations.

Financial and operational burdens imposed on our universal service obligations ("USO") could have a negative impact on our results of operations and cash flows.

We are the designated Universal Service Provider ("USP"), in decisions adopted by ComReg from time to time. This designation requires us to provide a basic set of fixed line services, such as meeting every reasonable request for a basic telephone voice connection throughout Ireland, which may require installation expenditure. We are also required to meet certain network quality of service targets.

The establishment of a sharing mechanism, in the form of a USO fund, for example, is required under the EU Universal Service Directive of 2002 and the Irish Universal Service Regulations where the net cost of the USO is found to amount to an unfair burden on the USP. Nonetheless, there can be no assurance that the net cost of the USO will be deemed to represent an unfair burden to us and that we would be compensated accordingly. We have submitted applications for funding for six financial years commencing 2010-2011 and these have been assessed by ComReg. In a series of consultation responses in 2017 and 2018, in respect of five such applications, ComReg's preliminary view was that, although eir had established that a net cost existed in each of the years, ComReg did not accept that the cost was an unfair burden on eir. On April 18, 2019, ComReg published six decisions in relation to our applications for funding of our USO obligations, in which ComReg did not accept that the cost was an unfair burden on eir.

Under the Universal Service Regulations, ComReg is authorized to set binding performance targets in respect of the obligation to provide connections and access and such other elements of the USO as ComReg deems appropriate. On February 2, 2017, ComReg adopted Decision D03/17 which imposes a new binding USO performance regime on eir for the period of February 2, 2017 to December 31, 2018. On March 3, 2019, ComReg adopted Decision D02/19 reimposing the performance regime for a further period from April 1, 2019 to June 30, 2021.

Our business, financial condition and results of operations could be materially adversely affected if we fail to meet the performance targets in ComReg Decision D02/19.

Our fixed and mobile businesses are subject to regulatory rules set by the EU which, if changed, may negatively impact on the results of operations.

The basic framework for regulation of the Irish telecommunications market is derived from the EU Regulatory Framework which was adopted by the EU in 2002 for all aspects of electronic communications networks and services across the EU. The EU made amendments to the list setting out markets recommended for regulation in November 2007 and October 2014. Further amendments were made to the EU Regulatory Framework in November 2009. The main policy objectives of the EU Regulatory Framework are to promote competition, to contribute to the development of the internal market, and to protect the interests of citizens. National regulators have discretion to impose regulatory obligations in line with national circumstances.

On November 25, 2015, the European Parliament and Council adopted Regulation 2015/2120 making amendments to the 2012 Roaming Regulations and introducing rules on net neutrality. From June 2017, roaming providers are no longer entitled to apply roaming tariffs to customers throughout the European Union, subject to a "fair use" policy applied in accordance with the rules set out in Commission Implementing Regulation (EU) (No. 2016/2286) of December 15, 2016 and to possible derogations where the roaming provider demonstrates that the abolition of retail roaming surcharges undermines the sustainability of its domestic charging model. A transition period commenced in April 2016 during which the mark-up for roaming retail charges was limited to the wholesale price caps. On February 1, 2017, the European Commission announced that further decreases to maximum wholesale roaming charges had been agreed with the Council and European Parliament which were subsequently included in Regulation (EU) 2017/920 of May 17, 2017. These revised wholesale roaming charges applied from June 15, 2017. These roaming rate reductions are expected to reduce our roaming revenues in the future, though this may be partially offset by savings in roaming-related fees we pay to other network operators. The impact of this decision is in line with expectations.

The European Commission undertook a review of the EU Regulatory Framework and the EU published in December 2018 a revised Electronic Communications Code which updates the existing five directives and combined them into one code. The code does not fundamentally change the underlying SMP regime based on periodic market reviews. It proposes a number of measures to promote the roll-out of high capacity fiber. All operators must implement retail caps on intra-EU voice calls and SMS in May 2019. Although the impact on eir is minimal, future changes to the EU Regulatory Framework could have a material adverse effect on our business, financial condition and results of operations.

Regulatory investigations and litigation may lead to fines or other penalties.

ComReg and other regulatory bodies occasionally make enquiries and conduct investigations concerning our compliance with applicable laws and regulations. On occasion, we are involved in litigation and regulatory enquiries and investigations involving our operations, which may lead to fines and other penalties that could have an adverse impact on our financial condition and results of operations. Our settlement agreement with ComReg in December 2018 provides for an independent committee with oversight functions for our compliance with our regulatory requirements. See also "*Regulation—The Regulatory Regime—open eir Wholesale Regulatory Governance Model.*" Further regulatory intervention could result in similar changes that could have an adverse impact on our business, financial condition and results of operations.

Planning license fees, if applicable to us, may adversely affect our results of operations.

Under Irish planning legislation introduced in 2002, where a license is granted by a planning authority to a person to erect, construct, place and maintain overhead cables or wires on, over or along a public road, a fee is payable to the planning authority for every year or part of a year for which the license is granted. This fee could be determined to apply to our networks, which encompass overhead wires and poles. If it is determined that the license fee is applicable to our networks and is enforced on an annual basis, it may increase our costs and adversely affect results of operations. In the intervening period since the 2002 legislation, no planning authority has applied the fee in respect of overhead wires and poles. In December 2016, a government taskforce published a host of recommendations to enhance the development of mobile network sites including provisions to make state infrastructure available for MNOs. Broadband officers have been appointed in each local authority to engage with MNOs on prospective transmitter sites and support engagement in communities for the continued improvement of mobile voice and data services. eir has engaged with the taskforce and with appointed broadband officers to develop mobile network infrastructure utilizing public infrastructure on a cost effective basis. There can be no guarantee, however, that public policy will continue to support the development of telecommunications infrastructure on public rights of way on a cost-effective basis.

Changes in our regulated weighted average cost of capital could have an adverse impact on our revenue and results of operations.

In December 2014, ComReg issued a decision notice directing that a nominal pre-tax weighted average cost of capital of 8.18% be used for the purpose of our separated regulated accounts, and as a basis for allowing us an adequate rate of return for regulatory purposes, including in the setting of our regulated wholesale prices. ComReg have since signaled they wish to review the weighted average cost of capital in 2019. Any further reduction in our regulated weighted average cost of capital could have an adverse impact on our revenue and results of operations.

Risks Related to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.

As of December 31, 2018, on a pro forma basis after giving effect to the Transactions, we had total gross debt of €2,450 million, which includes the Notes and the amounts drawn under the Senior Facilities Agreement (including Facility B7).

The degree to which we are leveraged could have important consequences to holders of the Notes, including but not limited to:

- making it difficult for us to satisfy our obligations with respect to the notes, guarantees and other debts and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, spectrum license payments, acquisitions, joint ventures, product research and development, subscriber acquisition costs or other general corporate purposes, as well as our ability to pay dividends to our shareholders;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing; and
- limiting our options for refinancing the Notes and our other indebtedness when it falls due.

Any of these or other consequences or events could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to satisfy our debt obligations, including the Notes.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to EHIL and its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interests in the collateral.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*" The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. In addition, we are subject to the affirmative and negative covenants contained in the Senior Facilities Agreement which also limits our flexibility and requires us to satisfy various financial covenants. See "*Description of Other Indebtedness—Senior Facilities Agreement.*"

Certain covenants may be suspended upon the occurrence of a change in the Issuer's ratings.

The Indenture will provide that, if at any time following the date of issuance, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB- or better by S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which the Notes cease to have such ratings, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.*" If these covenants were to cease to be applicable, the Issuer, EHIL and its restricted subsidiaries may, subject to the terms of the Senior Facilities Agreement and other indebtedness, be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of the holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Senior Facilities Agreement and the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control. The indebtedness outstanding under the Senior Facilities Agreement (€1,600 million as of December 31, 2018) will mature on May 31, 2022. See "*Description of Other Indebtedness.*" At the maturity of the facilities under the Senior Facilities Agreement, the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay these debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to further refinance our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets, or raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our Senior Facilities Agreement and the Indenture and any future debt may limit our ability to pursue any of the foregoing measures.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that we incur at any subsidiary that does not guarantee the Notes would be structurally senior to the Notes, and other debt could be secured or could mature prior to the Notes. Although the Senior Facilities Agreement contains and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we incur additional debt, the related risks that we now face would increase. An increase in our indebtedness could also lead to a downgrade of the ratings assigned to eircom Holdings (Ireland) Limited or the Notes, either of which could negatively affect the trading price of the Notes. In addition, the Senior Facilities Agreement does not and the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

The loans under our Senior Facilities Agreement bear interest at floating rates. Such floating rates could rise significantly, increasing our costs and our cash flow.

The loans under our Senior Facilities Agreement bear interest at floating rates of interest per annum equal to EURIBOR (or LIBOR (as applicable)), as adjusted periodically, plus a spread. These interest rates could rise significantly in the future.

Although we have entered into certain hedging arrangements designed to fix a portion of these rates in respect of the term loan under our Senior Facilities Agreement, there can be no assurance that such hedging will continue to be available on commercially reasonable terms for as long as such indebtedness remains outstanding. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow. Although we may enter into and maintain certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will continue to be available on commercially reasonable terms. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements. To the extent interest rates were to rise significantly, our interest expense would correspondingly increase, thus reducing cash flow.

Following allegations of manipulation of LIBOR, various interest rate benchmarks (including LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) 2016/1011). In addition, the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On November 29, 2017, the Bank of England and the FCA announced that the market Working Group on Sterling Risk-Free Rates would have an extended mandate to catalyze a broad transition to the Sterling Over Night Index Average rate ("SONIA") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The Bank of England and FCA have stated that a key near-term priority for the Working Group will be to make recommendations relating to the potential development of SONIA reference rates. A public consultation was launched in July 2018 in relation to specific queries related to the operations of SONIA reference rates. On April 23, 2018, the Bank of England took over administration of SONIA and issued a series of reforms as part of its implementation as a replacement to LIBOR. From April 2018, the Bank of England has been setting the interest rate benchmark using SONIA, meaning that banks are no longer compelled by the FCA to submit LIBOR rates beyond 2021. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Senior Facilities whose interest rates are linked to LIBOR and EURIBOR). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

Our unaudited consolidated financial statements have not been prepared in accordance with IFRS.

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information.

IFRS 15 replaces IAS 18 (Revenue) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019, and we will have to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as of July 1, 2018.

This impact was not reflected in our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 and, as a consequence, such financial statements are not presented in accordance with IFRS.

Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods. Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There can be no assurance given that our estimates included elsewhere in this offering memorandum of the impact of IFRS 15 or IFRS 9 on our financial statements as of and for the six months ended December 31, 2018 (and the comparative period thereto) are correct and any negative impact of IFRS 15 or IFRS 9 could materially adversely affect our business, financial position and results of operations.

Risks Related to the Notes

The Notes and the Guarantees will be subordinated to certain hedging obligations and may be subordinated in the future, and such hedging obligations may also be repaid with the proceeds of the collateral securing the Notes in priority to the Notes.

Under the terms of the Intercreditor Agreement, the Notes and the Guarantees rank junior in right of payment to certain "super priority" hedging obligations incurred in respect of the Senior Facilities Agreement. Accordingly, if the Issuer or any of the Guarantors dissolves, winds-up or liquidates, or if any of them is the subject of any bankruptcy, insolvency or similar proceeding, counterparties to the relevant hedging arrangements would be entitled to receive payment in full of all obligations due thereunder before the holders of the Notes would be entitled to receive any payment with respect to the Notes or the Guarantees.

The Intercreditor Agreement also provides that proceeds from enforcement of the collateral securing the Notes must first be applied in satisfaction in full of obligations under these "super priority" hedging obligations and, only thereafter, to repay the obligations under the Notes and the Senior Facilities Agreement. Any such "super priority" hedging debt will be secured by the same property and assets that secure the Notes. As such, in the event of enforcement of the collateral securing the Notes, you may not be able to recover on such collateral if the then-outstanding liabilities under such "super priority" hedging debt are greater than the proceeds realized in the event of enforcement of the collateral securing the Notes.

The security interests in the collateral will be granted to the Security Agent rather than directly to the holders of the Notes.

The security interests in the collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes, but will instead be granted only in favor of the Security Agent. The Indenture will provide (in addition to the Intercreditor Agreement) that only the Security Agent has the right to enforce such collateral. As a consequence, holders of the Notes will not have direct security interests in the collateral and will not be entitled to take independent enforcement action in respect of such collateral, except through the Trustee, which will, subject to the applicable provisions of the Indenture and the Intercreditor Agreement, provide instructions to the Security Agent in respect of such collateral.

Holders of the Notes may not control certain decisions regarding the collateral.

Within five business days following the Issue Date, the Notes will be secured by the same collateral securing the Senior Facilities Agreement. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by such collateral.

As a result of the voting provisions set forth in the Intercreditor Agreement, under certain circumstances, the lenders under the Senior Facilities Agreement and counterparties to certain hedging arrangements could have effective control of all decisions with respect to the collateral securing the Notes. Pursuant to the Intercreditor Agreement, the Security Agent serves as a common security agent for the secured parties under the Senior Facilities Agreement, certain hedging obligations and the Notes. Subject to certain limited exceptions, the Security Agent will act with respect to such collateral only at the direction of an "Instructing Group."

The holders of the Notes will not have separate rights to enforce the collateral securing the Notes. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents, unless they comprise an Instructing Group which is entitled to give such instructions (provided that, if the liabilities in respect of the Notes represent less than 30% of the aggregate of the outstanding liabilities under the Notes, the Senior Facilities Agreement and certain hedging agreements, the votes of the holders of the Notes shall not be canvassed by the Security Agent and the holders of the Notes shall be deemed to have voted in the same manner and in the same proportion as the creditors under the Senior Facilities Agreement and the hedge counterparties under certain hedging contracts). Disputes may occur between the holders of the Notes and creditors under our Senior Facilities Agreement, the counterparties to certain hedging arrangements or holders of any permitted additional indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the collateral. In such an event, the holders of the Notes will be bound by any decisions of the Instructing Group, which may result in enforcement action in respect of the collateral for the Notes, whether or not such action is approved by the holders of the Notes or may be adverse to such holders. The creditors under the Senior Facilities Agreement, the counterparties to certain hedging arrangements or the holders of certain other permitted additional indebtedness may also have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant security documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

The collateral will not secure the Notes until no later than five business days from the Issue Date.

The security interests in the collateral will not be granted over all of the collateral until no later than five business days from the Issue Date, as further described under "*Description of Notes—Security.*" There can be no assurance, however, that we will be successful in procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture. The security interests will be limited to the same extent as those under the Senior Facilities Agreement and otherwise as set forth under "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations,*" which limitations could be significant. It should be noted that if a security interest granted by a security provider in certain jurisdictions is granted or perfected after the secured obligation arose, such security interest may be subject to clawback provisions under applicable local insolvency laws. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*"

The collateral may not be sufficient to secure the obligations under the Notes.

Within five business days following the Issue Date, the Notes and the Guarantees will be secured by security interests in the collateral described in this offering memorandum, which collateral also secures the obligations under the Senior Facilities Agreement on a *pari passu* basis as well as certain hedging obligations as described elsewhere in this offering memorandum. The collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Senior Facilities Agreement and the Intercreditor Agreement. Your rights to the collateral may be diluted by any increase in the debt secured by the collateral or a reduction of the collateral securing the Notes.

The value of the collateral that will secure the Notes and the amount to be received upon an enforcement of such collateral will depend upon many factors, including, amongst other things, the ability to sell such collateral in an orderly sale, the costs of realization and any requirements to pay any of the proceeds to preferential creditors such as tax authorities and employees, economic conditions where our business operations are located and the availability of buyers of such collateral. The book value of the collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the collateral may be illiquid and may have no readily ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges over the shares of an entity may be of no value if the relevant entity is subject to an insolvency or bankruptcy proceeding.

In addition, our business requires a variety of permits and licenses. The continued operation of properties that comprise part of the collateral and that depend on the maintenance of such permits and licenses may be prohibited or restricted. Our business is also subject to regulations and permit requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. In the event of foreclosure of all or any part of our business, the grant of permits and licenses may be revoked or the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed or otherwise economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the collateral may be significantly diminished.

It may be difficult to realize the value of the collateral securing the Notes. The ability of the Security Agent to enforce certain of the collateral may be restricted by local law.

The collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, the Senior Facilities Agreement and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of priority security interests in the collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the enforcement of a share pledge, whether by means of a sale or an appropriation, is subject to certain specific requirements. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on the relevant collateral. Accordingly, the Security Agent may not have the ability to foreclose upon certain collateral, and the value of the collateral may decline significantly.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in euro. If you measure your investment returns by reference to a currency other than euro, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of euro relative to the currency by reference to which you measure your investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes and you should consult with your own tax advisors regarding any such tax consequences.

Risks Related to Our Structure

The Issuer is a finance subsidiary that has no revenue generating operations of its own and depends on cash received under its intercompany loan in order to be able to make payments on the Notes.

The Issuer is a finance subsidiary that was formed in order to offer and issue debt securities. The Issuer conducts no business operations of its own, and has not engaged in, and will not be permitted to engage in, any activities other than those relating to its finance activities. The Issuer will be dependent upon payments from members of the Group to meet its obligations, including its obligations under the Notes. We intend to provide funds to the Issuer in order for the Issuer to meet its obligations under the Notes through interest payments on the relevant note proceeds loan agreements or other intercompany loans or distributions. If we do not fulfil our obligations under the note proceeds loan agreements or other intercompany loans, the Issuer will not have any other source of funds that would allow it to make payments to the holders of the Notes. The amounts available to the Issuer from EHIL or any other relevant members of the Group will depend on the profitability and cash flows of such members of the Group and the ability of such members to make payments to it under applicable law or the terms of any financing agreements or other contracts that may limit or restrict their ability to pay such amounts. Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of subsidiaries to move cash within the restricted group. Such restrictions include those created by the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement.*" Applicable tax laws may also subject such payments to further taxation. In addition, the members of the Group that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Guarantees and the collateral securing the Notes will be released automatically, including, without limitation:

- in the case of collateral, in connection with any sale or other disposition to any third party of the property or assets constituting collateral, so long as the sale or other disposition is permitted by the Indenture;
- in accordance with the amendments and waivers provisions of the Indenture as described under the caption "*Description of the Notes—Amendments and Waivers*";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- with respect to the property and assets securing the Notes, automatically if a security interest granted in favor of the Senior Facilities Agreement, public debt or such other indebtedness that gave rise to the obligation to grant the security interest over such property and assets is released (other than pursuant to the payment and discharge thereof); or
- in accordance with the Intercreditor Agreement.

The Notes and each of the Guarantees will be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries.

Generally, claims of creditors of a non-Guarantor subsidiary, and claims of preference shareholders (if any) of that subsidiary, will have priority with respect to the assets and earnings of that subsidiary over the claims of creditors of its parent entity and any intercompany loans and by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes will be structurally subordinated to the creditors and preference shareholders (if any) of our non-Guarantor subsidiaries.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in the collateral.

Under applicable law, a security interest in certain assets may not be enforceable, or its priority may not be retained, if certain actions are not undertaken by the secured party and/or the grantor of the security (including the registration of such security). The security interests securing the Notes may not be enforceable or maintain priority if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these security interests.

In respect of security over claims against third parties (such as claims under contracts or book debts), if the third party debtor is not notified of the security interest, the holder of the security interest may have difficulty enforcing such holder's rights in the collateral with regard to such third parties. In addition, a debtor may discharge its obligation by paying the security provider and the third party may assert certain defenses and counter-claim until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security-taker over the claims the security-taker (as creditor) has against the debtor.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as will be required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control" under the Indenture, the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding notes, including the Notes, or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Senior Facilities Agreement and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

Any failure by the Issuer to offer to purchase the Notes following a change of control would constitute a default under the Indenture, which would, in turn, constitute a default under certain other indebtedness. See "*Description of the Notes—Change of Control.*"

The change of control provision in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of EHIL and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Guarantees will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may adversely affect their validity and enforceability.

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. The Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor. See "*Description of the Notes—Guarantees*" and "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations.*"

The Guarantees and the enforcement thereof are subject to certain generally available defenses. Defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally.

If one or more of the foregoing laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee,

(ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of that Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the relevant Guarantor or, in certain jurisdictions, when the granting of the relevant Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and/or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interests or for the corporate benefit of the relevant Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

We cannot assure you which standard a court would apply in determining whether any Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date a Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances or on other grounds. There is hence a possibility that a Guarantee may be set aside, in which case the relevant entire guarantee liability may be extinguished. If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided that Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and the other Guarantor(s).

The insolvency laws of Ireland or the jurisdiction of incorporation or formation of each of the Guarantors may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The rights of holders under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and you may not be able to effectively enforce your rights in such complex, multiple bankruptcy or insolvency proceedings. The Notes will be issued by eircom Finance DAC, which is incorporated under the laws of Ireland, and will be guaranteed by entities organized or incorporated in England and Wales, Ireland, Grand Duchy of Luxembourg, the State of Delaware and Jersey. In the event of a bankruptcy or insolvency event, proceedings could be initiated in Ireland or in one or more other jurisdictions in which the Guarantors are domiciled. Such multi-jurisdictional proceedings are likely to be complex and costly and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of holders of the Notes. The bankruptcy laws of these jurisdictions may be less favorable to your interests as a creditor than the bankruptcy laws of the U.S. or any other jurisdiction you may be familiar with, including in respect of priority of creditors, the ability to obtain post-petition interest and the ability to influence proceedings and the duration thereof, and this may limit your ability to receive payments due on the Notes. In the event that any one or more of the Issuer, the Guarantors, any future guarantors of the Notes, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer and certain other transactions, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce the rights of holders of the Notes under the Guarantees or the rights of holders of the Notes under the relevant collateral for the Notes in these jurisdictions and limit any amounts that you may receive. In addition, in actions brought in countries outside of the United States, courts may choose to apply their own law rather than the law of the State of New York, which governs the Indenture, the Notes and the Guarantees. The application of foreign law may limit your ability to enforce your rights under the Notes and the Guarantees. See "*Limitations on Validity and Enforceability of the Guarantees and Security Interests and Certain Insolvency Law Considerations*" for further information.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

The Notes will be new securities for which there is no existing trading market and, as such, there can be no assurance that an active or liquid trading market will develop in respect of such Notes in the future.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made to Authority for the listing of the Notes on the Official List of the Exchange, we cannot assure you that the Notes will become admitted or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Official List of the Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market. In addition, the Indenture will allow us to issue additional notes of such series in the future which could adversely impact the liquidity of the Notes.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and substantially all of our Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted primarily outside the United States. Substantially all of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although we and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers resident outside the United States. In addition, as substantially all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are primarily located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Service of Process and Enforcement of Civil Liabilities.*"

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies will assign and may from time to time assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financing and could adversely affect the value and trading of the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

None of the Notes and the Guarantees have been, or will be, registered under, and we are not obliged to register the Notes or the Guarantees under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. See "*Transfer Restrictions.*" We have not agreed to or otherwise undertaken to register the Notes or the Guarantees, and do not have any intention to do so.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered notes are issued in exchange for Book-Entry Interests (as defined below) (which may occur only in very limited circumstances), owners of Book-Entry Interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the global note. Payments of principal, interest and other amounts owing on or in respect of the global note representing the Notes will be made to Deutsche Bank AG, London Branch, as Principal Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book-Entry Interests in the global note representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we, the Trustee, the Principal Paying Agent, the Registrar and the Transfer Agent will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry Interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the definitive registered Notes are issued in respect of all Book-Entry Interests, if you own a Book-Entry Interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

Investors in the Notes may have limited recourse against the independent auditors.

See "*Independent Auditors*" for a description of the independent auditors' reports on the consolidated non-statutory financial statements of EHIL. The auditors' reports state that they have been prepared for and only for EHIL's directors as a body for management purposes in accordance with the terms of their engagement letters and for no other purpose. To the fullest extent permitted by law, the independent auditors do not accept or assume responsibility to anyone other than the directors of EHIL as a body for their audit work, their audit report or for the opinions they have formed. The independent auditors' reports for the accounting periods for the financial years ended June 30, 2018, June 30, 2017 and June 30, 2016 were unqualified. PricewaterhouseCoopers were the auditors of EHIL for these accounting periods. The independent auditors' report for EHIL for the financial years ended June 30, 2018, June 30, 2017 and June 30, 2016 are included on pages F-16, F-80 and F-145 of this offering memorandum.

Prospective investors in the Notes should understand that in making these statements the independent auditors confirmed that they do not accept or assume any liability to parties (such as purchasers of the Notes) other than EHIL and its members as a body with respect to the report and to the independent auditors' audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditors based on their report on the consolidated financial statements to which it relates could be limited.

Risks Related to Our Ownership

Our shareholders and certain of our affiliates are highly engaged in our business, and adverse changes to our relationship could cause our operations to suffer.

We work closely with NJJ, Iliad and certain of our affiliates in the management of our operations. Our success is highly dependent on maintaining our relationship with Xavier Niel, one of our directors and our indirect majority shareholder, as well as other members of the NJJ team. If NJJ were to lose its key professionals, NJJ may need to replace such professionals, or we may need to find employees or other advisors to replace the services NJJ provides to us. Certain of our directors have significant duties with, and spend significant time serving, other entities and business opportunities and, accordingly, may have conflicts of interest in allocating time to our business. Any such factor may affect our business, financial condition and results of operations.

The interests of our principal shareholders may conflict with your interests.

The interests of our shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. Our shareholders are able to appoint a majority of our Board of Directors and thereby indirectly to determine our corporate strategy, management and policies. In addition, our shareholders have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the Senior Facilities Agreement and Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect holders of the Notes. Conversely, our shareholders may have an interest in not pursuing acquisitions, divestitures and other transactions that could enhance our cash flow and be beneficial to you. In addition, the interests of the lenders of our Senior Facilities and our principal shareholders, in certain circumstances, may conflict with your interests as holders of the Notes.

We are ultimately controlled by NJJ, the private holding company of entrepreneur and telecommunications investor Xavier Niel. The interests of our principal shareholders in other companies in which they own a majority interest (including the majority interest in Iliad held by Xavier Niel) may also conflict with their interests in the company. So long as companies controlled by Xavier Niel collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, Xavier Niel will continue to be able to strongly influence or effectively control our decisions. The interests of NJJ or any of our other shareholders may not coincide with your interests. See "*Principal Shareholders*."

USE OF PROCEEDS

We expect to receive €   million gross proceeds from the offering of the Notes. We intend to use the gross proceeds from this Offering together with the proceeds from the drawing of Facility B7 (i) for the 2022 Notes Repayment, (ii) to pay fees and expenses related to the offering and (iii) to put cash on balance sheet, as more fully described below.

The drawing of Facility B7 and the redemption of the 2022 Notes are expected to occur on or about May 31, 2019. We intend to notify the holders of the 2022 Notes of the redemption of the 2022 Notes on or around the Issue Date. See "*Summary—The Transactions*" for further information regarding the 2022 Notes Repayment. The distribution to shareholders is expected to occur by May 31, 2019, following the re-domiciliation of Eircom Holdco S.A. from Luxembourg to Jersey.

The table below presents the estimated sources and uses at closing of the offering of the Notes:

Source of Funds	(€ million)	Use of Funds	(€ million)
Notes offered hereby and Facility B7[(1)]	850	2022 Notes Repayment[(2)]	700
		Cash on balance sheet	133
		Estimated fees and expenses[(3)]	17
Total Sources	**850**	**Total Uses**	**850**

(1) Represents (i) €   of gross proceeds from the Notes offered hereby (assuming issuance at par) and (ii) the drawing of €   under Facility B7 under the Senior Facilities Agreement.

(2) Represents the outstanding principal amount of 2022 Notes that we expect to purchase and/or redeem pursuant to the 2022 Notes Repayment.

(3) Reflects our estimate of fees and expenses associated with the Refinancing Transactions, including €7,875,000 optional redemption call premium on the 2022 Notes (which assumes a redemption date of May 31, 2019), discounts and other commissions, advisory and other professional fees and transaction costs. This does not include (i) interest in respect of the 2022 Notes from their last interest payment date to their redemption date or (ii) any original issue discount fees, to the extent any may be payable.

CAPITALIZATION

The following table sets forth our cash and capitalization as of December 31, 2018 on an actual basis and on an adjusted basis after giving effect to the offering of the Notes and the other Transactions, in each case, as though they had occurred on December 31, 2018. The adjusted information below is illustrative only and does not purport to be indicative of EHIL's capitalization following completion of the offering of the Notes.

The table below should be read in conjunction with "*Use of Proceeds*," "*Selected Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements and related notes thereto included elsewhere in this offering memorandum.

	As of December 31, 2018	
(€ in millions)	**Actual**	**As Adjusted**
Cash and cash equivalents[(1)]	**219**	**152**
Indebtedness:		
Revolving Facility[(2)]	—	100
Facility B6[(3)]	1,600	1,600
2022 Notes[(4)]	700	—
Total Existing Indebtedness	**2,300**	**1,700**
Facility B7[(3)]	—	
Notes offered hereby[(4)]	—	
Total Refinancing Transactions Indebtedness	**—**	**850**
Total long-term debt	**2,300**	**2,550**
Total equity[(5)]	(714)	(700)
Total capitalization	**1,586**	**1,850**

(1) Excludes restricted cash of €23 million, comprising €19 million in relation to performance guarantee deposits and €4 million security in respect of ancillary facilities. See "*Regulation.*" Also excludes €3 million of cash and cash equivalents attributable to our 56% interest in Tetra. Tetra is an unrestricted subsidiary under the Indenture and not subject to the covenants thereunder. See "*Description of the Notes.*"

(2) The Revolving Facility may be utilized until the date falling one month prior to the termination date of the Revolving Facility (the termination date being June 14, 2021). For a description of certain other principal terms of the Revolving Facility, see "*Description of Other Indebtedness—Senior Facilities Agreement.*"

(3) Indebtedness in respect of our Senior Facilities is presented based on its principal amount rather than its expected carrying value on our balance sheet. The loans made available under Facility B6 bears cash-pay interest at a rate per annum equal to EURIBOR, plus certain mandatory costs, if any, plus a margin per annum. The Facility B6 loan is subject to a EURIBOR floor of zero. Facility B6 must be repaid in full in April 2024. See "*Description of Other Indebtedness—Senior Facilities Agreement.*"

(4) Indebtedness in respect of our 2022 Notes and the Notes offered hereby is presented based on its aggregate outstanding principal amount rather than its carrying value on our balance sheet.

(5) Total equity of €714 million has been adjusted for (i) the €7,875,000 optional redemption call premium on the 2022 Notes (which assumes a redemption date of May 31, 2019) and (ii) and the €6 million of unamortized debt issue costs in respect of the 2022 Notes. Costs and expenses relating to the Transactions, including those that may be capitalized, and any tax benefits associated with the Transactions, are not reflected here.

SELECTED HISTORICAL FINANCIAL DATA

The selected audited consolidated financial data for EHIL as of and for the financial years ended June 30, 2016, 2017 and 2018 presented below have been extracted from EHIL's audited consolidated financial statements as of and for the financial years ended June 30, 2016, 2017 and 2018, each prepared in accordance with IFRS, which are included elsewhere in this offering memorandum. The following selected financial data as of and for the six months ended December 31, 2017 and 2018 have been extracted from EHIL's unaudited condensed consolidated financial statements as of and for the six months ended December 31, 2018, which are included elsewhere in this offering memorandum.

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

IFRS 15 replaces IAS 18 (*Revenue*) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019, and we will have to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as at July 1, 2018.

This impact was not reflected in our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 and, as a consequence, such financial statements are not presented in accordance with IFRS.

Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, IFRS 15, once implemented, will not have a material impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods. Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There can be no assurance that our estimates are correct until such time as we adopt IFRS 15 and IFRS 9 for our consolidated financial statements as of and for the year ended June 30, 2019. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS.*"

This selected financial data should be read in conjunction with the information contained in "*Presentation of Financial Data*," "*Selected Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements included elsewhere in this offering memorandum. Investors are advised to read this offering memorandum in its entirety and not rely on the selected information only. Our interim results are not necessarily indicative of results to be expected for the full financial year.

	For the financial year ended June 30,			For the six months ended December 31,	
(€ in millions)	**2016**	**2017**	**2018**	**2017**	**2018**
		(audited)		**(unaudited)**	
Income Statement Data (Historical)					
Revenue	1,294	1,283	1,252	630	625
Operating costs excluding amortization, depreciation and exceptional items	(810)	(786)	(742)	(391)	(355)
Amortization	(88)	(108)	(101)	(50)	(45)
Depreciation	(280)	(270)	(291)	(140)	(140)
Exceptional items gain/(loss)	(68)	(92)	(87)	(18)	(10)
Profit/(loss) on disposal of property, plant and equipment	7	4	1	—	—
Operating profit/(loss)	**55**	**31**	**32**	**31**	**75**
Finance costs—net	(226)	(277)	(102)	(50)	(50)
Share of profit of joint venture	2	10	5	3	7
(Loss)/profit before tax	**(169)**	**(236)**	**(65)**	**(16)**	**32**
Income tax credit/(charge)	11	10	6	(1)	(1)
(Loss)/profit for the period	**(158)**	**(226)**	**(59)**	**(17)**	**31**

	As of June 30,			As of December 31,	
(€ in millions)	**2016**	**2017**	**2018**	**2017**	**2018**
		(audited)		**(unaudited)**	
Balance Sheet Data (Historical)					
Cash and cash equivalents	148	142	197	132	219
Restricted cash[(1)]	10	18	5	5	23
Inventories	12	16	11	17	19
Trade and other receivables	222	196	195	208	218
Property, plant and equipment	1,451	1,434	1,400	1,436	1,368
Total assets	2,507	2,394	2,347	2,366	2,348
Trade and other payables[(2)]	601	566	595	558	562
Current borrowings	—	—	—	—	—
Non-current borrowings	2,140	2,236	2,244	2,240	2,248
Total liabilities	3,289	3,296	3,071	3,273	3,062
Total equity	(782)	(902)	(724)	(907)	(714)

(€ in millions)	For the financial year ended June 30,			For the six months ended December 31,	
	2016	2017	2018	2017	2018
	(audited)			(unaudited)	
Cash Flow Data (Historical)					
Net cash generated from operating activities	311	367	350	148	149
Net cash used in investing activities	(307)	(296)	(295)	(157)	(127)
Net cash used in financing activities	(42)	(77)	—	(1)	—
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	(38)	(6)	55	(10)	22

(1) Restricted cash consists of cash reserved for performance guarantees (including ComReg guarantees) and security in respect of ancillary facilities. See "*Regulation*." Performance guarantee deposits have been reserved in respect of our obligation to make payments to third parties in the event that we do not perform our contracted commitments under the terms of certain contracts. As of December 31, 2018, restricted cash includes €19 million in relation to performance guarantee deposits, including obligations under certain commercial contracts, and €4 million in relation to ancillary facilities.

(2) Includes both current and non-current payables.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussions together with the consolidated financial statements of EHIL and the related notes to those financial statements. EHIL has prepared audited consolidated financial statements as of and for the financial years ended June 30, 2016, 2017 and 2018 in accordance with IFRS and unaudited condensed consolidated financial statements as of and for the six months ended December 31, 2017 and 2018.

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

IFRS 15 replaces IAS 18 (*Revenue*) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019, and we will have to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as at July 1, 2018.

This impact was not reflected in our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 and, as a consequence, such financial statements are not presented in accordance with IFRS.

Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, IFRS 15, once implemented, will not have a material impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods. Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There can be no assurance that our estimates are correct until such time as we adopt IFRS 15 and IFRS 9 for our consolidated financial statements as of and for the year ended June 30, 2019. See "*Risk Factors—Risks*

Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS."

In addition to financial data described above, in this offering memorandum, we present certain adjusted financial data that gives effect to changes in our accounting policies. Unless otherwise stated or indicated, in this offering memorandum. we present the adjusted financial data.

From July 1, 2014, we adopted IFRS 11, "*Joint Arrangements.*" Under IFRS 11, our 56% investment in Tetra Ireland Communications Limited ("Tetra") is classified as a joint venture and the equity method of accounting is applied in reflecting its results in our consolidated financial statements. Prior to the adoption of IFRS 11, our investment in Tetra was proportionately consolidated. In this offering memorandum, we present our results of operations for the financial years ended June 30, 2016, 2017 and 2018 and the six months ended December 31, 2017 and 2018 on an adjusted basis, applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations.

Overview

We are the sole telecommunications provider in Ireland that offers quad-play bundles on its integrated network, and we offer a range of retail and wholesale services. We are the principal provider of fixed line telecommunications and the third largest mobile telecommunications provider in Ireland.

Our fixed line division provides high-speed broadband, voice and data services to individual consumers, business users and to wholesale customers. The fixed line division contributed 78% of our revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach. Our revenue market share of the total fixed line Irish market was 46.3% for the quarter ended December 31, 2018. Our mobile division provides standalone mobile services to consumer and business customers and is also included as part of our bundled offerings. The mobile business contributed 27% of our total revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. Revenue for the twelve months ended December 31, 2018 was €1,266 million and Adjusted EBITDA was €560 million.

A core element of our strategy is bundles, which offer customers the convenience of receiving high-speed broadband, TV (including exclusive sport content), telephony and mobile services from a single provider, at an attractive price and on one bill. In 2012, we launched our fixed/mobile convergence ("FMC") bundle, providing customers with bundled fixed voice and broadband products and also mobile offerings. We commercially launched eir Vision, our IPTV service over our fiber network, in 2014, becoming at the time the first quad-play provider of fixed voice, broadband, mobile and TV services in Ireland. We continue to evolve our TV proposition which now includes video on demand, TV everywhere and additional sports content through the acquisition of Setanta Sports Ireland, which was re-branded as eir Sport in July 2016.

We are focused on convergence and long-term customer lifetime value, and our strategy is to connect everyone and everything in Ireland, whether by high-speed broadband, voice, mobile data or enterprise datacomms. This strategy is underpinned by a major program of capital expenditure which has facilitated the transformation of our business. Between June 30, 2012 and December 31, 2018, we spent €2 billion on capital expenditure, which includes the roll-out of our Next-Generation Access ("NGA") fiber network, the roll-out of our 4G network and improvements on 3G coverage and capability, as well as investments in spectrum. We were the first operator in Ireland to roll-out 4G services and our fiber network now passes over 1.9 million homes and businesses in Ireland. Our vision for our customers is a converged future with seamless access to fixed and mobile services and the launch of our voice over wi-fi ("VoWiFi"), the first in the Irish market, and voice over broadband ("VoBB") is a testament to that. We also expect in due course to introduce voice over long-term evolution ("VoLTE") services.

We have announced an additional discretionary €500 million investment plan over five years to roll-out fiber to the home ("FTTH") to a further 1.4 million premises across urban and suburban Ireland, which is expected to commence in July 2019, as well as a €150 million mobile network investment to update and expand our mobile network with a view to increasing significantly our high-speed mobile data capabilities and expanding 4G coverage to 99% of the outdoor geography of Ireland.

We generate virtually all of our revenue in Ireland where substantially all of our reported subscribers and customers are located. Demand for our products and services, including the penetration of high-speed broadband

and TV bundles, ARPU and the number of subscribers, is influenced by a number of factors, including the strength of the Irish economy. Ireland had the fastest growing economy in the European Union at 6.7% GDP growth in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average across the 28 member states of the European Union ("EU-28") (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% ersus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency). In terms of the overall Irish telecommunications market, total market revenue (including retail and wholesale revenue but excluding satellite pay-TV) was €3.5 billion for the twelve months ended December 31, 2018 (*Source:* ComReg).

Fixed line services

We are the largest provider of fixed line telecommunications services in Ireland, offering broadband, voice, TV, datacomms and managed services to individual consumers and business users under the eir brand. We also offer other authorized operators ("OAOs") a range of wholesale services including high-speed broadband, voice and managed services under our open eir brand. According to quarterly data published by ComReg (*Source:* ComReg 19/22), we had a market share for the quarter ended December 31, 2018 of 46.3% of the Irish retail and wholesale fixed line market, based on revenue. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach, and other network operators therefore rely heavily on our infrastructure. We are also the leading provider of broadband services in Ireland with 465,000 retail and 471,000 wholesale customers as of December 31, 2018, and an overall market share of 65% of fixed broadband as of December 31, 2018. As of December 31, 2018, we had approximately 1,331,000 access paths in service (including standalone broadband ("SABB") and wholesale Local Loop Unbundling ("LLU")).

Revenue (before inter-segment eliminations) from our fixed line services was €959 million for the twelve months ended December 31, 2018. Adjusted EBITDA from our fixed line services was €464 million for the twelve months ended December 31, 2018.

Mobile services

We are the third largest mobile operator in Ireland in terms of revenue and customers. Our Mobile division is comprised of both consumer and eir business mobile. According to data published by ComReg for the quarter ended December 31, 2018, we had an overall mobile market share of 16.6% based on the number of subscribers, including mobile broadband, and 18.5% mobile market share based on revenue, a market principally comprised of three large players: Vodafone Ireland Ltd ("Vodafone"), Three Ireland (Hutchinson) Limited ("Three") and eir. Our mobile handset market share as of December 31, 2018 was 19.8% according to data published by ComReg. Our strategy is to maximize customer lifetime value within the mobile business whether through standalone propositions or bundling with fixed line services. We have invested heavily in the network and, in 2013, we became the first mobile operator to launch 4G services in Ireland.

As of December 31, 2018, 53% of our customer base was in postpay contracts and the remainder in prepay contracts. Revenue (before inter-segment eliminations) for our mobile division for the twelve months ended December 31, 2018 was €340 million. Adjusted EBITDA of the mobile division was €95 million for the twelve months ended December 31, 2018. Adjusted EBITDA margin of the mobile division was 28% for the twelve months ended December 31, 2018.

Key Factors Affecting Results of Operations

Economic climate

Substantially all of our revenue is generated in Ireland and because of this, our financial performance is influenced by the strength of the Irish economy. Historically, in Ireland, the telecommunications sector has shown a positive correlation with GDP.

Ireland had the fastest growing economy in the European Union at 6.7% GDP growth in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average for the EU-28 (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for the EU-28 (*Source:* Central Intelligence Agency).

We believe that our results have been positively impacted by the improvement in the economic climate in Ireland as well as an increase in consumer and business confidence. and that our ability to continue to increase our revenue and profitability will depend, in part, on the continued improvement of the Irish economy.

Changes in market dynamics

Irish fixed line telecommunications market

In Ireland, revenues from fixed line services in the quarter ended December 31, 2018 represented 38.9% of total communications revenue (including wholesale and broadcasting retail revenue) (*Source:* ComReg). Although our market share, based on revenue, in the Irish retail fixed line market increased by 0.4% in the quarter ended December 31, 2018 over the prior quarter, it has declined over the longer term from 44.7% for the quarter ended December 31, 2015 to 41.0% for the quarter ended December 31, 2018 (*Source:* ComReg). Our share of the fixed line revenue market has declined in the face of competition from other retail fixed line telecommunication providers (such as Virgin Media, Vodafone and Sky) and wholesale fixed line telecommunication providers (such as BT), as well as from the continued migration of fixed line subscribers to mobile services.

Fixed line telephony

Consistent with the experience of other fixed line operators in the industry, our revenue from fixed line access and voice services has been, and we believe will continue to be, impacted by the substitution of fixed line telephone services for mobile services. Due to an increase in the volume of calls originating from mobile phones by subscribers of fixed line services, our retail voice traffic has declined. The decline in our retail voice traffic has contributed to a decline in our revenue from retail fixed line services, which has had a negative impact on our access and voice traffic usage revenue. We may continue to experience a decrease in demand for fixed line services due to the erosion of average selling prices in the Irish mobile market, the availability of mobile broadband enabling VOIP and other modern communication technology and new and improved communication services that are facilitated by 4G technology.

All our fixed line OAO competitors in Ireland (other than Virgin Media) rely on our network to varying degrees, which generates wholesale revenue for us. Consequently, despite an increase in retail competition, some of its impact is mitigated by the demand from OAOs for services offered by our wholesale division. Operators such as Vodafone, BT (and, indirectly, Sky) and Three rely on our core and access networks for the provision of services to their end-users and business customers. For instance, we offer our wholesale customers services such as WLR, which allows OAOs to rent access lines on wholesale terms from us and resell those lines to their customers, and LLU, which involves the physical co-location of infrastructure owned by other OAOs on our premises. As a consequence, we often gain wholesale business when we lose retail business to OAOs. We do not, however, retain a portion of retail business lost to mobile operators or Virgin Media, although, through our mobile business, we also secure a proportion of traffic that is lost due to fixed-to-mobile substitution.

In order to combat decreases in retail voice traffic and retail access lines, we are continuing to introduce new services for our fixed line subscribers, such as bundles that bring together high speed broadband, voice calls, TV (including sports content) and mobile services.

Fixed line broadband

The Irish fixed broadband market continues to grow. According to ComReg, the Irish fixed broadband per household penetration rate for the quarter ended December 31, 2018 was 68.5%, representing an increase of 0.6 percentage points compared to the quarter ended June 30, 2016. Total household broadband penetration including mobile remains at 88%, higher than the benchmarked EU 28 average of 86% and far below peers such as the UK

(95%), the Netherlands (97%) and Germany (90%). ComReg reported overall fixed residential broadband subscriptions (i.e., excluding business subscriptions and mobile broadband subscriptions) of approximately 1.3 million for the quarter ended December 31, 2018.

Growth in fixed broadband penetration is being driven by the demand for high-speed broadband services, which continues to increase as consumption of services requiring high bandwidth broadband, such as OTT and video streaming, increases. As a result, we expect the demand for high speed data to rise, which will drive further take up of our high speed fiber services at both a retail and wholesale level. We will also continue to migrate our existing customers to high speed broadband (eir Fibre) while simultaneously attracting new customers through high-speed broadband capabilities and the provision of TV and bundled services. We believe the number of eir Retail access lines will remain largely stable, driven by demand for broadband rather than fixed voice services. Our TV offering was strengthened by our acquisition of Setanta Sports Ireland (now eir Sport) in April 2016, as it gave us access to premium sports content, which we expect will continue to increase bundle penetration and reduce broadband and access churn.

Irish mobile telecommunications market

According to ComReg, the total number of subscribers in the Irish mobile telecommunications market was 5,971,752, 6,020,694 and 6,282,346 for the quarters ended December 31, 2016, 2017 and 2018, respectively. For the quarter ended December 31, 2018, Ireland had a mobile penetration rate of 128.6%, including mobile broadband and M2M (and 101.7%, excluding mobile broadband and M2M) (*Source:* ComReg). Market growth is expected to be driven largely by structural factors including new services such as B2B and M2M mobile services, growth in data consumption, bundled offerings and content. Accordingly, mobile operators' ability to increase their revenue, and defend and grow their subscriber base, will depend in large part on their ability to retain existing customers, convince mobile users to switch from competing operators and stimulate demand for new services, including 4G services.

Competition for customers among mobile communication providers is based principally upon the services and features offered, technical quality of the mobile network and its coverage, customer service, capacity, and increasing prices, with the introduction of growing numbers of packages bundling minutes, SMS and broadband downloads. These factors have intensified the competitive environment and, coupled with the price control of MTRs (enforced by ComReg), have had a negative impact on market ARPU's in both the prepay and postpay segments.

In the overall mobile sector, eir Mobile (previously eir Group Mobile, comprising eir Mobile and Meteor, which, since September 2017, both operate under the eir Mobile brand) had a 19.8% share of the total subscriber market (excluding mobile broadband and M2M) by number of subscriptions for the quarter ended December 31, 2018, which was down slightly compared to 20.2% for the quarter ended June 30, 2016. The subscription market shares (excluding mobile broadband and M2M) of Vodafone and Three for the quarter ended December 31, 2018 were 36.1% and 32.2% respectively, Vodafone having decreased from 37.8% and Three having decreased from 32.3%, respectively, for the quarter ended June 30, 2016. Market share by subscribers for the quarter ended December 31, 2018 for Tesco Mobile, the largest MVNO in the market (excluding mobile broadband and M2M), was 8.1% (*Source:* ComReg). Including Mobile Broadband and M2M, eir Mobile had a 16.6% share of the subscription handset market for the quarter ended December 31, 2018, which was down compared to 18.2% for the quarter ended June 30, 2016, and Vodafone, Three and Tesco each had 38.9%, 35.1% and 6.5% market shares, respectively, for the quarter ended December 31, 2018 (*Source:* ComReg). In terms of revenue, eir had an 18.5% share of the total mobile revenue market for the quarter ended December 31, 2018, which was up compared to 17.9% for the quarter ended June 30, 2016 (*Source:* ComReg).

The Irish mobile telecommunications market continues to experience a trend in migration from prepay to postpay contracts. The overall proportion of prepay customers (including mobile broadband and M2M) in the telecommunications market in Ireland for the quarter ended December 31, 2018 was 41.6%, having decreased from 48.1% for the quarter ended June 30, 2016. Our postpay customer base has experienced strong growth: subscriber numbers (including mobile broadband and M2M) were approximately 557,000 for six months ended December 31, 2018, representing an increase of 11.8% or 59,000 net additional postpay subscribers compared to the financial year ended June 30, 2016. For the six months ended December 31, 2018, 53% of our mobile subscribers were postpay customers, an increase from 47% for the financial year ended June 30, 2016. Growth in our postpay base has been partly driven by prepay to postpay migrations and our roll-out of campaigns encouraging postpay take up, specifically with mobile data offers.

The mobile prepay market in Ireland has been declining over the past few years, in part due to competitive market conditions and also due to the aforementioned prepay to postpay migration, with prepay subscriptions (excluding mobile broadband and M2M) falling from 54.1% of the total for the quarter ended December 31, 2017 to 52.1% for the quarter ended December 31, 2018 (*Source:* ComReg). As of December 31, 2018, excluding mobile broadband and M2M, there were 2,590,866 prepay and 2,380,627 postpay customers, compared with 2,648,773 prepay and 2,250,099 postpay customers as of December 31, 2017 and 2,698,509 prepay and 2,176,607 postpay customers as of December 31, 2016 (*Source:* ComReg). Our mobile prepay customers (including mobile broadband and M2M) for the six months ended December 31, 2018 were 488,000, representing a decrease of 13.1% compared to the financial year ended June 30, 2016. For the six months ended December 31, 2018, 47% of our mobile customer base (including mobile broadband and M2M) consisted of prepay subscribers, compared to 53% for the financial year ended June 30, 2016. This reduction is in line with our strategy to migrate our higher value demographic prepay customer base to postpay contracts. Our proportion of prepay customers by subscriber number remains higher than our main competitors but continues to decrease. For the quarter ended December 31, 2018, the proportion of prepay customers by subscriber numbers for Vodafone and Three was 33.1% and 39.7%, respectively, (*Source:* ComReg).

Prepay churn rates have fallen for the past two years, in part because of a change in EU roaming regulations, which leads to less seasonal vacation customers. Reducing churn rates continues to be our key area of focus. The market remains highly competitive and we have introduced 20GB data plans for 4G prepay customers and unlimited social media data use in response to the competitive environment. Our postpay churn rates have been stable in recent years and we believe they are in line with market averages.

Irish TV market

According to the Central Statistics Office, 96.5% of households owned one or more television sets in 2015-2016 (*Source*: CSO Household Budget Survey 2015-16). As a result of technological improvements, broadband is increasingly being used for the distribution of IPTV and VoBB services. We launched our IPTV services in Ireland in October 2013 and for the six months ended December 31, 2018 we had approximately 80,000 subscribers. Survey data commissioned by ComReg in 2017 estimated that eir's IPTV service is available in 7% of TV homes (*Source*: ComReg 18/23a). Our IPTV product offering made us the first quad-play provider of fixed voice, data, mobile and TV services in Ireland.

Regulatory initiatives

Regulatory changes may result in a further decline in our fixed line market share in the future. In recent years, ComReg has taken a number of measures designed to increase further the competition in the Irish telecommunications market, which may result in further loss of our market share. These initiatives include, among others:

- introducing obligations in the wholesale markets to provide wholesale services to OAOs;
- applying cost orientation to the wholesale prices of our current generation services;
- restricting the scope of bundled product offerings that we are permitted to make to our retail customers;
- introducing price controls in regulated wholesale markets that also affect retail markets through obligations not to cause a margin squeeze between retail and wholesale products, and price controls requiring us not to cause a margin squeeze between combined wholesale services and the individual components of these combined services;
- implementing obligations across the industry to facilitate customers who wish to change operators, including enabling the porting of numbers in one working day; and
- chairing several industry fora, specific to developing regulated access products, including service level agreements, which are attended by open eir (as the SMP operator), eir Retail and OAOs.

Bundling

As a result of significant investment in our network, described below under "—*Capital Expenditures and Investment*," we are well-positioned to offer bundles of telecommunications services. To retain and attract new customers, we offer initial promotional prices for bundles that include broadband, calls, TV and mobile. We introduced our first FMC packages in 2012, providing customers with bundled fixed voice and broadband products and also mobile offerings. Following the commercial launch of our IPTV service over our fiber network in 2014, we also began offering quad-play bundles. We believe there are significant opportunities within the triple- and quad-play market and that our broad geographic scope, the integrated nature of our network and our leading fixed line subscriber base will position us to compete effectively in this market. Penetration of multi-play offerings in Ireland is 74%, below the levels seen in other European markets such as the UK and Spain, where estimated penetration of triple and higher play offers stood at 90% in the UK as of December 31, 2018 and 91% in Spain in 2018 (*Source:* GlobalData).

Our provision of services and our prices are subject to extensive regulation, including a price cap on retail line rentals as well as the regulation of our wholesale prices, which typically must be cost oriented and must not cause a margin squeeze against the underlying component inputs. Cost orientation for certain products and services reflects the forward looking incremental costs of an efficient operator, rather than the actual costs we incurred.

Under ComReg Decision D12/18 (ComReg 18/96), we are also required to notify ComReg five days in advance of launching a bundle which has a broadband rental component and obtain ComReg's prior approval.

Net impact of mobile substitution on our fixed line business

Like most fixed line telecommunications operators, our fixed line business is impacted by customers' use of mobile devices as a substitute for our services, both voice and broadband. The increasing capability of mobile networks will likely continue to have a negative impact on fixed line volumes and revenue. Through our mobile business, we are, however, securing a proportion of traffic that is displaced from fixed to mobile.

We are continuing to introduce new service options for our customers, such as discount plans and value added bundles that offer reduced prices or unlimited usage for certain categories of calls, reduced prices for fixed-to-mobile calls and reduced costs for broadband within bundles, in order to make our services more attractive. We highlight to customers the value of our fixed line services such as higher bandwidth broadband, as compared to mobile.

Mobile termination rates ("MTR")

Following completion of a market review consistent with EU recommendations, ComReg imposed further reductions in MTR price caps which ensure MTRs are regulated on a symmetrical basis. From January 1, 2013, all MNOs and MVNOs have had to set their prices no higher than 2.60 cents per minute and from September 1, 2016, the maximum rate has been further reduced to 0.84 cents per minute in accordance with ComReg Decision D02/16 published on February 12, 2016. There were further step-changes on January 1, 2017 and January 1, 2018 which resulted in MTRs being reduced to 0.82 cents and 0.79 cents, respectively.

While MTR reductions have the impact of decreasing our inbound revenue in the mobile business, it also reduces our interconnect costs on both the fixed and mobile businesses and therefore the impact on EBITDA is broadly neutral.

Capital Expenditures and Investment

We have undertaken an extensive capital expenditure program to modernize our business and address recent trends in the telecommunications industry. Our capital expenditure program notably impacted our operating cashflow for the financial years ended June 30, 2016, 2017 and 2018 and for the six months ended December 31, 2018, during which periods we invested €285 million, €298 million, €318 million and €116 million, respectively, in our business. Our total investment in capital projects between June 30, 2015 and June 30, 2018 was €0.9 billion, 22.8% of revenue. Our capital expenditure over the last three years has related to the roll-out of our NGA fiber network, investments in spectrum to roll-out 4G services and improve 3G coverage and capability, investments in new IT capabilities and TV, set-up of a new billing system which provides customers with a single bill for fixed and mobile products, and general maintenance capital expenditure.

In May 2013, we launched high-speed broadband services over our NGA fiber network and now offer speeds of up to 100 Mbps (for FTTC customers) and 1 Gb/s (for FTTH customers). By December 31, 2018, we had invested approximately €665 million in our NGA fiber network since beginning development, passing approximately 1.9 million premises (including approximately 307,000 FTTH premises passed) and connecting 36% of premises passed.

In February 2019, we announced the launch of 'Ireland's Fibre Network,' an ambitious plan to expand our FTTH network to a further 1.4 million premises to suburban and urban areas across 180 towns and cities over a five-year period beginning upon the completion of our rural FTTH program in the summer of 2019. The program is expected to cost in the region of €500 million and once completion we will have 1.7 million premises passed with future-proofed FTTH technology. We expect that our NGA fiber network will provide significant mobile backhaul capacity to serve our mobile business and will also enable generation of incremental revenues by making our network capacity available to other MNOs. The roll-out of our fiber network has been a key factor contributing to our ability to attract and retain broadband customers and has also facilitated our bundled offerings, which include fixed voice, broadband, TV and mobile.

In addition to the investments we have made in our NGA fiber network, we are continuing to invest in our mobile network. In September 2013, we became the first operator to launch 4G services in Ireland and have continued our roll-out of the 4G network throughout Ireland, and our coverage as of December 31, 2018 was an estimated 96% outdoor population coverage. The roll-out of 4G has helped to stabilize our ARPU as it has facilitated upselling of postpay packages and driven increased data usage by our subscribers. We have also continued our investment in 3G data with extensive roll-out of UMTS 900 in particular on the western seaboard and with an extension of dual carrier HSPA+ which supports speeds of 42 Mbps. As a result of these improvements in our services, we have experienced a significant increase in mobile data traffic while our customers experience improved data speeds on both 3G and 4G services. We intend to further increase 4G population coverage and continue to invest in improved customer experience on our network.

In November 2018, we announced the launch of a discretionary investment in our mobile network of approximately €150 million, which will see our 4G coverage increase to an expected 99% of the outdoor geography of Ireland, which we believe will make our network one of the most expansive in the world. The investment program will take approximately two years and will increase the number of mobile sites in the network by approximately 25%, with new equipment at every site, that will result in a step-change in the speeds available to our customers for mobile data. The investment will also see the launch of 5G services in 2019, delivering the most technologically advanced mobile data services across Ireland's cities. The above FTTH and mobile network investments form part of the €1 billion capital investment program we announced in September 2018.

We have also made significant investments in our IPTV service, eir Vision, which was commercially launched in 2014, making us at present the only provider with quad-play infrastructure enabling fixed voice, data, mobile and TV services in Ireland. We plan to develop our TV platform to become an open access platform and by leveraging our fixed and mobile infrastructure to provide TV throughout Ireland with streaming available both in the home and on mobile devices outside the home for our eir Vision customers. We believe that our TV offering was strengthened by our acquisition of Setanta Sports Ireland (now eir Sport) in April 2016, which gave our customers access to premium sports content.

Our investment in our advanced retail billing system has in turn enabled us to deliver integrated fixed and mobile billing capabilities which are critical to the delivery of triple- and quad-play bundles.

As we complete our FTTH roll-out, we expect future associated network maintenance cost and capital expenditure requirements to be meaningfully lower compared to traditional legacy copper networks.

Restructuring and cost transformation program

We have a strong track record of implementing effective cost reduction programs and continue to focus on improving earnings and cash flows by reducing operational expenditure. Over the past five years, we implemented a number of cost saving initiatives to reduce our operating costs by over €157 million on a net basis, enabling us to fund investment in our growth strategy. Over the last five years, we reduced our employee headcount by 1,913 heads to 2,798 FTE for the financial year ended June 30, 2018. The reduction in employee headcount was achieved through a combination of efficiency measures and increased use of third-party outsource providers. For the financial year ended June 30, 2018, we recognized €68 million in restructuring program costs, comprising of €67 million for staff who had either exited the business, or were committed to exiting the business, as of June 30, 2018 and a €1 million provision for future staff exits.

In April 2018, we then launched an Incentivised Exit Scheme, which was designed to facilitate employees to leave the organization on a voluntary basis and which was largely completed by December 31, 2018.

We had total resources (which includes internal FTE headcount, managed services headcount, agency/ contractor headcount and outsourced (including HCL and KN Networks)) of approximately 6,188 for the financial year ended June 30, 2017, approximately 5,636 for the financial year ended June 30, 2018 and 5,323 for the six months ended December 31, 2018 and we expect that total resources for the financial year ended June 30, 2019 will be approximately 4,985.

Under new ownership, we continue to maintain our focus on cost transformation and intend to achieve an efficient cost base that is suitable for our operations and competitive in comparison to other industry participants. We believe this can be achieved through simplification and digitalization of our business, operations and processes, which in turn will enable faster decision-making and better communication, without compromising our ambitions to be a leader in customer experience. For additional information on our cost transformation program, see "*Business—Overview—Our Strategy—Have an ongoing focus on cost transformation through IT transformation, simplification and process improvement*."

Employee defined benefit pension scheme

We operate pension schemes for our employees. In particular, we operate a defined benefit pension scheme for 70% of our fixed line employees (62% of all employees), part of which is funded by the Irish Government in respect of pre-1984 service. This pension scheme also covers a significant number of past employees.

In September 2016, we carried out a full actuarial valuation on a minimum funding standard and an ongoing funding basis. The eircom Superannuation Fund satisfied the requirements of Part IV of the Pensions Act 1990 (the Minimum Funding Standard) as of September 30, 2016 and at the scheme year ends of March 31, 2017 through March 31, 2018. The triennial funding valuation highlighted a surplus of €95 million of scheme assets over liabilities relating to past service obligations. The employer contribution rate will remain at 8.5% of pensionable salary (subject to an annual floor at €8.5 million per annum) until the next valuation date in September 2019. This anticipates that approximately €72 million of this surplus will be amortized under the agreed actuarial basis over the remaining working lifetime of employees.

For the financial year ended June 30, 2018, the eircom Superannuation Fund had an accounting deficit in accordance with IAS 19 of €23 million. The decrease in the deficit from €346 million for the financial year ended June 30, 2016 to €23 million as of June 30, 2018 is largely as a result of the reduction in the mortality rate assumptions and increases in the discount rate used to measure the obligation. The IAS 19 (*Revised*) accounting measure differs from the triennial funding valuation due to the application of AA– corporate bond yield rates to discount future liabilities. IAS 19 is a non-cash accounting measure and there are no cash calls as a result of the difference in valuation methodologies. We have reached agreement with the Minister for Finance, the Minister for Public Expenditure and Reform and the Trustees of the eircom Superannuation Fund and of the eircom No 2 Pension Fund in relation to the funding obligations of the Minister for Finance in respect of pre-1984 service by persons or categories of persons enumerated above such that, in the future, in lieu of a funded obligation, the obligations of the Minister will be discharged on a Pay As You Go basis pursuant to agreed mechanisms.

There is currently no legislation in Ireland equivalent to the UK legislation which imposes debt on the employer to the extent that pension obligations are underfunded.

Preparation of unaudited consolidated financial statements

Our unaudited consolidated financial statements as of and for the six months ended December 31, 2018 do not give effect to IFRS 15 (*Revenue from Contracts with Customers*) or IFRS 9 (*Financial Instruments*), both standards are effective for reporting periods beginning on or after January 1, 2018, and as a consequence are not prepared in accordance with IAS 34 (*Interim Financial Statements*) and therefore constitute non-GAAP financial information. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

IFRS 15 replaces IAS 18 (*Revenue*) which covers contracts for goods and services and IAS 11 (*Construction Contracts*) which covers construction contracts. The standard sets out the requirements for recognizing revenue and costs from contracts with customers and includes extensive disclosure requirements. The standard requires entities to apportion revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model.

The standard permits either a full retrospective or a modified retrospective approach for adoption. We have selected the modified retrospective approach and are in the process of applying the standard to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date, for purposes of adoption in our consolidated financial statements as of and for the year ended June 30, 2019. By electing to adopt the standard using the modified retrospective method, we will apply IFRS 15 retrospectively only to the year ended June 30, 2019, and we will have to recognize the cumulative effect of initially applying

IFRS 15 as an adjustment to the opening balance of retained earnings (or other appropriate components of equity) as at July 1, 2018.

We have not given effect to IFRS 15 for purposes of our financial statements as of and for the six months ended December 31, 2018 nor the comparison period of as of and for the six months ended December 31, 2017 and therefore our financial statements for such periods, which are included elsewhere in this offering memorandum, are not presented in accordance with IFRS in effect as of January 1, 2018.

Based on management estimates, IFRS 15, once implemented, will not have a material impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, IFRS 15, once implemented, will have a modest impact on revenue, expenses, EBITDA and total assets (less than 5% of revenue, expenses, EBITDA and total assets, respectively) and will have no impact on cash. Based on management estimates, the impact of IFRS 15, once implemented, on EBITDA and revenue from consumer contracts will be neutral over the life of affected contracts (which usually range between 12 and 24 months).

IFRS 9 principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 (*Financial Instruments: Recognition and Measurement*) with a model that has two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets.

IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognized. As the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortization of transaction costs and initial fair value adjustments for prior periods. Based on management estimates, IFRS 9, once implemented, will result in an immaterial decrease in the carrying value of our borrowings under the Senior Facilities Agreement and a modest increase in annual non-cash finance costs in the profit and loss account.

There, however, can be no assurance that our estimates are correct until such time as we adopt IFRS 15 and IFRS 9 for our consolidated financial statements as of and for the year ended June 30, 2019. See "*Risk Factors—Risks Related to Our Financial Profile—Our unaudited consolidated financial statements have not been prepared in accordance with IFRS*."

Key Factors Affecting the Comparability of our Results of Operations

For purposes of our discussion below, we have presented our results of operations for the financial years ended June 30, 2016, 2017 and 2018 applying the proportionate method of accounting rather than the equity method of accounting in reflecting Tetra's results in our consolidated financial statements as we believe such a presentation provides a more meaningful view of our results of operations and a consistent basis for comparing our results of operations for the periods presented.

Financing activities

On April 18, 2017, we refinanced our Original Senior Facilities Agreement to, *inter alia*, reduce the interest cost of our senior term loan indebtedness, extend the maturities of our term and revolving credit facilities and to more closely align our loan covenants with current market standards and the needs of our business going forward. We utilized Facility B6 to refinance the remaining indebtedness outstanding under facility B5 under the Original Senior Facilities Agreement. Upon the repayment in full of the indebtedness outstanding under facility B5 under the Original Senior Facilities Agreement we canceled facility B5 and the available commitments under the revolving credit facility under the Original Senior Facilities Agreement, and subsequently terminated the Original Senior Facilities Agreement.

In October 2016, we used our existing cash to repay €51 million of borrowings under facility B4 of the Original Senior Facilities Agreement and, in addition, agreed amendments to the terms of the Original Senior Facilities Agreement, which resulted in the then total outstanding facility B borrowings of €1,611 million being transferred to Facility B6.

In August 2016, eircom Finance DAC issued €200 million additional 4.5% 2022 Notes at an offering price of 101.5%. The €200 million issuance, for which cash proceeds of €203 million were received before deduction of transaction costs, was structured as a tap issue of the €500 million 2022 Notes issued in June 2016. We used the proceeds from this offering to refinance a portion of the term loan under the Original Senior Facilities.

For a description of certain principal terms of the Senior Facilities Agreement, see "*Description of Other Indebtedness—Senior Facilities Agreement.*"

Overview of Principal Income Statement Items

Revenue

Revenue from our activities includes:

- Revenue from the sale of retail standalone and bundled products which includes fixed voice, high speed broadband, eir Sport content and TV and mobile services;
- Revenue from end-to-end ICT solutions to business customers;
- Wholesale fixed revenue including access line rental (including LLU and bitstream), interconnect services, infrastructure services including leased lines, mobile backhaul, mast access and co-location services and managed network services;
- Mobile subscriber revenue which consists principally of revenue from voice (including ingoing and outgoing calls), non-voice (including SMS, MMS and data services for handsets) and mobile broadband (wireless Internet access through a laptop, tablet or dongle) services;
- Other mobile revenue from providing network services to other telecommunications operators;
- Equipment revenue, which relates to the sale of handsets and other accessories; and
- Other including:
    - Tetra Ireland Communications Limited, which is a joint venture that provides secure radio communication to Ireland's emergency services departments;
    - eircom UK limited which offers managed network services and bespoke unified communications solutions in Northern Ireland and the UK; and
    - data center services within Ireland.

Operating costs

Our operating costs include:

- Fixed and mobile interconnect fees related to the termination of calls on other networks;
- Network costs including materials and services;
- Subscriber acquisition costs including cost of equipment sold and commissions paid out to distributors (whether direct or indirect) for acquiring or retaining subscribers;
- Labor costs, which include salaries and wages, social contributions, performance related payments, pension costs and costs in relation to staff restructuring;
- Commercial expenses, which include sales and marketing, advertising, sponsoring and promotion expenses;
- IT, accommodation expenses and transport costs; and
- Other operating expenses, which include the cost of customer bad debt, the cost of Spectrum usage fees and further operating expenses.

Depreciation

Our annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. Long-life assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. Asset lives are regularly reviewed and changed as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilization, physical condition of the assets concerned and other factors that may impact on the remaining useful lives of assets.

Amortization

Amortization charge is dependent on the estimated lives allocated to each type of intangible asset. The asset lives are regularly reviewed and changed as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset.

Tax expense

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for a period. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of taxable or deductible temporary differences, unused tax losses and unused tax credits.

Results of operations for the six months ended December 31, 2018 compared to six months ended December 31, 2017

The interim results are not necessarily indicative of the results to be expected for the full year.

The following table shows selected consolidated income statement data from our operations for the periods indicated.

	For the six months ended December 31,		As adjusted for the six months ended December 31[(a)],	
(in € millions)	**2017**	**2018**	**2017**	**2018**
	(unaudited)			
Continuing operations				
Revenue	**630**	**625**	**638**	**634**
Operating costs excluding amortization, depreciation and exceptional items	(391)	(355)	(394)	(359)
Amortization	(50)	(45)	(50)	(45)
Depreciation	(140)	(140)	(142)	(138)
Exceptional items	(18)	(10)	(18)	(10)
Profit on disposal of property, plant and equipment	—	—	—	—
Operating profit	**31**	**75**	**34**	**82**
Finance costs	(50)	(50)	(50)	(50)
Share of profit of joint venture	3	7	—	—
Profit/(loss) before tax	**(16)**	**32**	**(16)**	**32**
Income tax (charge)/credit	(1)	(1)	(1)	(1)
Profit/(loss) for the period	**(17)**	**31**	**(17)**	**31**

(a) The as adjusted numbers reflect Tetra's results of operations are based on the proportionate consolidation method of accounting rather than the equity method of accounting as required under IFRS 11.

Revenue

Revenue decreased by 1% from €630 million for the six months ended December 31, 2017 to €625 million for the six months ended December 31, 2018. On an adjusted basis (accounting for Tetra's results on a proportionate basis), our revenue decreased by 1% from €638 million for the six months ended December 31, 2017 to €634 million for the six months ended December 31, 2018. This decrease was primarily due to a reduction in access, managed services and prepay revenue, partially offset by an increase in voice traffic, data services, and postpay revenue, as well as other mobile revenue driven by our move to direct handset purchasing.

The following discussion is based on our adjusted results, which reflects Tetra's results applying the proportionate consolidation method of accounting rather than the equity method as required under IFRS 11.

The following table shows certain segmental information relating to our business for the periods indicated:

(in € millions, except percentages)	For the six months ended December 31, 2017	2018	% Change 2017/2018
	(unaudited)		
Fixed line services and other revenue	481	475	(1)
Mobile services revenue	174	176	(1)
Total segmental revenue	**655**	**651**	**(1)**
Intracompany eliminations	(17)	(17)	—
Total revenue	**638**	**634**	**(1)**

Fixed line services

The following tables show Blended Consumer Fixed ARPU, fixed subscribers and fixed churn information relating to our business for the periods indicated:

Blended Consumer Fixed ARPU

(€ per month, except percentages)	For the six months ended December 31, 2017	2018	% Change 2017/2018
Blended Consumer Fixed ARPU(1)	48.5	49.5	2

(1) We define "Blended Consumer Fixed ARPU" as the average of the total consumer subscriber revenue divided by the average number of access subscribers (including SABB) in each month. Subscriber revenue is equal to total fixed line consumer revenue excluding revenue from eir Sport and Operator Services. The average number of subscribers in a month as the average of the total number of subscribers at the beginning of the month and the total number of subscribers at the end of the month.

The Blended Consumer Fixed ARPU increased by 2% from €48.50 for the six months ended December 31, 2017 to €49.50 for the six months ended December 31, 2018, primarily due to increased pricing and bundling.

Fixed Subscribers

	As of December 31, 2017	2018	% Change 2017/2018
Access paths: (000's, except percentages)			
Retail Access Lines	659	658	0
Wholesale Access Lines	502	486	(3)
Wholesale LLU	5	4	(30)
Standalone Broadband	188	183	3
Total PSTN/ISDN/LLU/SABB	**1,354**	**1,331**	**(2)**
Broadband Lines: (000's, except percentages)			
Retail Broadband	440	465	6
Wholesale Broadband	471	471	0
Total Broadband	**911**	**936**	**3**

Fixed Churn

	For the six months ended December 31, 2017	December 31, 2018	% Change 2017/2018
Consumer fixed access churn (1) (%)	21.5	16.4	(23%)
Consumer broadband churn (2) (%)	23.2	16.8	(28%)

(1) We define the percentage change on "Consumer fixed access churn" as the movement on the number of access losses between the prior period and the current period divided by the number of access losses in the prior period.

(2) We define the percentage change on "Consumer broadband churn" as the movement on the number of DSL Channel losses between the prior period and the current period divided by the number of access losses in the prior period.

The churn rate reflects in large part the attractiveness of offers and pricing (including bundling and discounts) compared to other operators, the subscriber experience and perception of the brand, the perceived quality of our network (including its coverage) and the perceived quality of our services (including customer care). The churn rate may also be impacted by shifts in subscriber status (where a subscriber becomes active or inactive), subscription (contract) duration and other factors, such as seasonality.

Consumer fixed access churn decreased from 21.5% for the six months ended December 31, 2017 to 16.4% for the six months ended December 31, 2018. This decrease in churn was due to increased bundling and a slowdown in the rate of traditional access losses. Consumer broadband churn decreased from 23.2% for the six months ended December 31, 2017 to 16.8% for the six months ended December 31, 2018. The decrease in consumer broadband churn was primarily a result of higher than usual churn in the prior period, caused by a price increase, as well as continued increases in bundling.

We continue to address retail fixed line losses and broadband churn with a number of programs, including rolling out high speed broadband and offering bundled telecommunications services including TV and eir Sport content and mobile. As of December 31, 2018, the roll-out of our high speed fiber network had passed over 79% of Irish premises and over 670,000 retail and wholesale customers were connected to high speed broadband services. In the same period, approximately 80,000 customers were subscribing to TV, an increase of 6,000 subscriptions compared to the previous year and 56% of the consumer broadband base was subscribing to exclusive eir Sport content. As of December 31, 2018, 31% of eir's consumer fixed households were subscribed to three or more services from eir's offerings across broadband, mobile, TV and telephony.

Fixed line services and other revenue

Total fixed line services and other revenues, before intra-company eliminations, decreased by 1% from €481 million for the six months ended December 31, 2017 to €475 million for the six months ended December 31, 2018. The decrease was driven by an access revenue decline of 6%, as well as a decrease in other products and services revenue of 2%, when compared to the corresponding prior year period. The decrease in access related to a decrease in access lines coupled with a reduction in retail broadband revenues as a result of price promotions and bundling. The decrease in other products and services related mainly to a reduction in managed services and eir UK revenue. These declines were partly offset by an increase in voice traffic of 9% driven by the impact of price increases in the prior year.

The following table shows our revenue, from the fixed line services segment, analyzed by major products and services, and the percentage change for each category, for the periods indicated:

	For the six months ended December 31,		% Change
(€ in millions)	**2017**	**2018**	**2017/2018**
	(unaudited)		
Access (Rental and Connections)	242	227	(6)
Voice Traffic	107	116	9
Data Services	48	50	2
Other Products and Services	84	82	(2)
Total fixed line services and other revenue	**481**	**475**	**(1)**

Access (rental and connections)

Access revenue decreased by 6% from €242 million for the six months ended December 31, 2017 to €227 million for the six months ended December 31, 2018. The decline was driven by a 14% decrease in broadband revenues due to price promotions and bundling. The following table shows rental, connection and other charges and the number of access channels in service (including public payphones) and the percentage changes for the periods indicated:

	For the six months ended		
(in € millions, except percentages)	**December 31, 2017** (unaudited)	**December 31, 2018** (unaudited)	**% Change 2017/2018**
Access revenue			
Retail PSTN/ISDN rental and connection	98	96	(3)
Wholesale PSTN/ISDN/LLU rental and connection	54	54	(1)
Broadband rental and connection	90	77	(14)
Total access revenue	**242**	**227**	**(6)**
(000's, except percentages)			
Access paths			
Retail access lines	659	658	—
Wholesale access lines	502	486	(3)
Wholesale LLU	5	4	(30)
Standalone Broadband	188	183	(3)
Total PSTN/ISDN/LLU/SABB	**1,354**	**1,331**	**(2)**
(000's, except percentages)			
Broadband and Bitstream			
Retail Broadband	440	465	6
Wholesale Broadband	471	471	—
Total Broadband (including SABB)	**911**	**936**	**3**

Retail line rental and connection revenues decreased by 3% for the six months ended December 31, 2018, compared to the corresponding prior year period, mainly due to continuing declines in PSTN and ISDN lines. Retail access lines of 658,000 as of December 31, 2018 were broadly flat year on year when compared to December 31, 2017.

Wholesale access revenue decreased by 1% for the six months ended December 31, 2018 compared to the corresponding prior year period. Wholesale access lines of 486,000 as of December 31, 2018 declined by 3% year on year when compared to the prior year period ended December 31, 2017.

Broadband revenue of €77 million for the six months ended December 31, 2018 decreased by 14% compared to the corresponding prior year period, primarily due to promotions to drive retail growth. The retail broadband customer base of 465,000 as of December 31, 2018 increased by 6% compared to the corresponding prior year period. The wholesale broadband base of 440,000 as of December 31, 2018 remained stable year on year when compared to December 31, 2017.

Traffic

The following table shows information relating to our total traffic revenue and volumes and the percentage change for the periods indicated:

(in € millions, except percentages)	For the six months ended December 31, 2017	2018	% Change 2017/2018
	unaudited		
Revenue:			
Retail traffic	75	86	15
Wholesale traffic	32	30	5
Total traffic revenue	**107**	**116**	**9**

(in millions of minutes, except percentages)	For the six months ended December 31 2017	2018	% Change 2017/2018
Traffic			
Retail	667	664	—
Wholesale	1,998	1,758	(12)
Total traffic minutes	**2,665**	**2,422**	**(9)**

Overall traffic revenue increased by 9% from €107 million for the six months ended December 31, 2017 to €116 million for the six months ended December 31, 2018, driven by price increases introduced during the prior year.

Data Services

The following table shows information relating to revenue from data services and the percentage change for the periods indicated:

(in € millions, except percentages)	For the six months ended December 31 2017	2018	% Change 2017/2018
	(unaudited)		
Data services revenue			
Leased lines	26	30	16
Switched data services	8	4	(52)
Next generation data services	14	16	5
Total data services revenue	**48**	**50**	**2**

Revenue from data services increased by 2% for the six months ended December 31, 2018 compared to the six months ended December 31, 2017. A revenue decrease in switched data services was mostly offset by increases in leased lines and next generation data services revenues, reflecting the shift from legacy products to next generation services.

Other products and services

Other products and services revenue includes our 56% share of revenue from Tetra, eir Sport, our operations in Great Britain and Northern Ireland, operator services, managed services, data centers and other revenue.

The following table shows information relating to revenue for other products and services and the percentage change for the periods indicated:

(in € millions, except percentages)	For the six months ended December 31, 2017	2018	% Change 2017/2018
	(unaudited)		
Operator services	4	3	(32)
Managed services	24	23	(3)
Tetra	10	11	8
UK/NI	14	12	(12)
Data center	4	4	(12)
Other revenue	28	29	6
Other products and services revenue	**84**	**82**	**(2)**

Revenue from other products and services for the six months ended December 31, 2018 decreased by 2% from €84 million for the six months ended December 31, 2017 to €82 million for the six months ended December 31, 2018. Operator Services revenue decreased by 32% from €4 million for the six months ended December 31, 2017 to €3 million for the six months ended December 31, 2018, as a result of reduced calls to our 11811 directory enquiries service. Managed services revenue decreased by 3% from €24 million for the six months ended December 31, 2017 to €23 million for the six months ended December 31, 2018 due to a reduction in low margin revenue related to eir Business. Tetra revenue increased by 8% from €10 million for the six months ended December 31, 2017 to €11 million for the six months ended December 31, 2018. UK/NI revenue decreased by 12% from €14 million for the six months ended December 31, 2017 to €12 million for the six months ended December 31, 2018. Data center revenues decreased by 12% from €4 million for the six months ended December 31, 2017 to €4 million for the six months ended December 31, 2018. Other revenue increased by 6% from €28 million for the six months ended December 31, 2017 to €29 million for the six months ended December 31, 2018, driven by growth in eir sport and TV revenue.

Mobile services revenue

Mobile services revenue comprises prepay and postpay revenues including interconnect, mobile broadband and machine to machine. Other revenue is derived mainly from device sales and wholesale foreign roaming revenue.

Reported mobile revenue increased by 2% from €174 million for the six months ended December 31, 2017 to €176 million for the six months ended December 31, 2018.

Reported prepay handset revenue decreased by 5% from €49 million for the six months ended December 31, 2017 to €47 million for the six months ended December 2018. Reported postpay handset revenue increased by 3% from €100 million for the six months ended December 31, 2017 to €103 million for the six months ended December 31, 2018, mainly due to a year on year increase in postpay handset (including M2M) subscribers of 41,000 or 8%. The decline in prepay handset revenues was mainly due to a decline in prepay customers of 9% as a result of customers migrating to postpay as well as increased competition and changes in pricing propositions at the beginning of our financial year 2018.

Mobile broadband revenue decreased by 7% from €6 million for the six months ended December 31, 2018 to €4 million for the six months ended December 31, 2017, primarily due to a decline in the customer base.

Other mobile revenue increased by 19% from €14 million for the six months ended December 31, 2017 to €17 million for the six months ended December 31, 2018, driven by a decision to purchase handsets directly from manufacturers over an intermediary, resulting in an uplift in revenue and cost of sales in the first half of our financial year 2019.

The following table shows our revenue from the mobile services segment, analyzed by major products and services:

(in € millions, except percentages)	For the six months ended December 31, 2017	2018	% Change 2017/2018
	(unaudited)		
Prepay handset	49	47	(5)
Postpay handset	100	103	3
Mobile broadband	6	4	(7)
Roaming	5	5	2
Other	14	17	19
Total mobile services revenue	**174**	**176**	**2**
(000's, except percentages)			
Total subscribers			
Prepay handset customers	527	481	(9)
Postpay handset customers	484	525	8
Mobile broadband customers	45	39	(14)
Total subscribers	**1,056**	**1,045**	**(1)**

Mobile Churn

The table below sets forth our blended postpaid and prepaid annualized mobile churn rate for the periods indicated:

	For the six months ended December 31, 2017	2018	% Change 2017/2018
Mobile Blended Churn rate (%)	37.6	33.4	(11)
Postpay Churn rate (%)	19.1	17.4	(9)
Prepay Churn rate (%)	55.0	51.2	(7)

(1) The figures for the six months ended December 31, 2017 and 2018 are annualized churn rates. Annualized churn rates are calculated by dividing the total number of disconnections of subscribers for the six month period by the average number of subscribers during the six-month period, and dividing by the number of months of the period and multiplying by 12 (the number of annualized months).

Our blended annualized churn rate for our mobile business decreased by 11% from 37.6% for the six months ended December 31, 2017 to 33.4% for the six months ended December 31, 2018, primarily due to increased bundling and an improved acquisition profile of postpay customers as well as a reduced volume of seasonal customers in prepay.

Mobile ARPU

The following table shows the average revenue per user (ARPU):

(€ per month)	For the six months ended December 31, 2017 (unaudited)	2018 (unaudited)	% Change 2017/2018
Prepay ARPU(1)	15.2	15.8	4
Postpay ARPU(2)	33.8	32.5	(4)
Total ARPU(3)	**24.3**	**24.6**	**(6)**

(1) We define "Prepay ARPU" as the measure of the sum of the total prepay mobile subscriber revenue including revenue from incoming traffic in a year divided by the average number of prepay mobile subscribers in the period divided by the number of months in the year to arrive at an average per month figure.

(2) We define "Postpay ARPU" as the measure of the sum of the total postpay mobile subscriber revenue including revenue from incoming traffic in a year divided by the average number of postpay mobile

subscribers in the period divided by the number of months in the year to arrive at an average per month figure.

(3) We define "Total ARPU" as the total mobile subscriber revenue in a period divided by the average number of mobile subscribers in the year divided by the number of months in the year to arrive at an average per month figure.

ARPU is driven primarily by prices for our services, traffic volume, data services utilization and revenue from access and interconnection fees for incoming calls.

ARPU for postpaid subscribers is generally significantly higher than for prepaid subscribers. For example, ARPU for prepaid handset subscribers averaged €15.8 per month for the six months ended December 31, 2018 and ARPU for postpaid handset subscribers was €32.5 per month for the six months ended December 31, 2018. Our strategy is to appeal to the higher value postpaid subscribers and business market segments, which tend to have higher ARPU (and which have a lower propensity for churn). We have continued to actively drive the proportion of postpay customers (including mobile broadband and M2M) within our base, which has increased from 49% as of December 31, 2017 to 53% as of December 31, 2018, representing an increase of 36,000 net additional postpay subscribers (including mobile broadband and M2M).

Operating costs excluding depreciation, amortization and exceptional items

The following table shows information relating to our operating costs excluding amortization, depreciation and exceptional items, and the percentage change for the periods indicated:

(in € millions, except percentages)	As adjusted for the six months ended December 31,[(a)] 2017	2018	% Change 2017/2018
	(unaudited)		
Cost of sales			
Foreign outpayments	5	5	(3)
Interconnect	45	38	(15)
Equipment cost of sales	42	35	(16)
Other including subsidiaries	54	64	17
Total cost of sales	**146**	**142**	**(3)**
Pay costs			
Wages and salaries and other staff costs	115	84	(27)
Social welfare costs	6	5	(23)
Pension costs—defined contribution plans	3	1	(52)
Pension costs—defined benefit plans	7	7	(14)
Pay costs before non-cash pension charge and capitalization	**131**	**97**	**(27)**
Capitalized labor	(36)	(25)	(33)
Total pay costs before non-cash pension charge	**95**	**72**	**(24)**
Non-pay costs			
Materials and services	8	10	26
Other network costs	9	8	(2)
Accommodation	46	48	3
Sales and marketing	35	34	(3)
Bad debts	4	4	1
Transport and travel	6	5	(6)
Customer services	19	16	(15)
Insurance and compensation	2	2	(15)
Professional and regulatory fees	4	3	(32)
IT costs	13	8	(41)
Other non-pay costs	4	3	23
Total non-pay costs	**150**	**141**	**(6)**
Operating costs before non-cash pension charge, non-cash lease fair value credits, amortization, depreciation and exceptional items	391	355	(9)
Non-cash pension charge	7	8	14
Non-cash lease fair value lease credits	7	8	—
Operating costs excluding amortization, depreciation, and exceptional items	394	359	(9)

(a) The as adjusted numbers reflect Tetra's results of operations accounted for based on the proportionate consolidation method of accounting rather than the equity method of accounting as required under IFRS 11.

Operating costs excluding amortization, depreciation, and exceptional items decreased by 9% from €388 million for the six months ended December 31, 2017 to €351 million for the six months ended December 31, 2018. On an adjusted basis (accounting for Tetra's results on a proportionate basis), operating costs excluding amortization, depreciation, and exceptional items decreased by 9% from €394 million for the six months ended December 31, 2017 to €359 million for the six months ended December 31, 2018.

We have discussed below, on an adjusted basis (accounting for Tetra's results on a proportionate basis), the key factors affecting the changes in the various items making up our operating costs excluding amortization, depreciation, and exceptional items.

Cost of Sales

Cost of sales decreased by 3% from €146 million for the six months ended December 31, 2017 to €142 million for the six months ended December 31, 2018. Foreign outpayments and Interconnect payments to other telecommunications operators decreased by 3% and 15%, respectively, from €5 million for the six months ended December 31, 2017 to €5 million for the six months ended December 31, 2018 and from €45 million for the six months ended December 31, 2017 to €38 million for the six months ended December 31, 2018 respectively, mainly due to reduced international roaming costs driven by changes to EU roaming rates.

Equipment costs of sales decreased by 16% from €42 million for the six months ended December 31, 2017 to €35 million for the six months ended December 31, 2018, due to timing of commercial investment.

Other cost of sales increased by 17% from €54 million for the six months ended December 31, 2017 to €64 million for the six months ended December 31, 2018, driven mainly by the move to a direct handset purchasing model and increased sports content costs year on year, primarily due to the purchase of Pro-14 rugby content.

Pay costs

Total pay costs, before non-cash pension charges decreased by 24% from €95 million for the six months ended December 31, 2017 to €72 million for the six months ended December 31, 2018 compared to the corresponding prior year period. The decrease is mainly due to a combination of a lower FTE headcount as well as lower contractor costs, partially offset by insourcing activities. FTE headcount as of December 31, 2018 was 3,075 FTE, representing a net reduction of 149 FTE compared to December 31, 2017. For the six months to December 31, 2018, a total of 575 FTE were recruited, driven mainly by the insourcing of customer care and other activities as well as the conversion of agency staff to FTE.

Total non-pay costs

Non-pay costs decreased by 6% from €150 million for the six months ended December 31, 2017 to €141 million for the six months ended December 31, 2018.

- Accommodation costs increased by 3% from €46 million for the six months ended December 31, 2017 to €48 million for the six months ended December 31, 2018, primarily due to increased property rates.
- Customer Services costs decreased by 15% from €19 million for the six months ended December 31, 2018 to €16 million for the six months ended December 31, 2018 due to the on-going insourcing of previous HCL employees, whereby associated costs are included under pay costs.
- IT costs decreased by 41% from €13 million for the six months ended December 31, 2017 to €8 million for the six months ended December 31, 2018, due to reduced investment in, and decommissioning of legacy systems and associated licences.
- Materials and services costs increased by 26% from €8 million for the six months ended December 31, 2017 to €10 million for the six months ended December 31, 2018, mainly due to timing of activities.
- Professional and regulatory fees decreased by 32% from €4 million for the six months ended December 31, 2017 to €3 million for the six months ended December 31, 2018 due to lower consultancy costs.
- Sales and marketing costs decreased by 3% from €35 million for the six months ended March 31, 2017 to €34 million for the six months ended December 31, 2018, due to a decision to move away from agency-led marketing to a direct media buying model.
- All other costs for the six months ended December 31, 2018 were broadly in line with costs for the six months ended December 31, 2017.

Non-cash pension charge

The non-cash pension charge represents the difference between the amount of cash contributions paid and payable, on an accruals basis, in respect of our defined benefit scheme, and the current service cost recognized in operating profit in accordance with IAS 19 (*Revised*). The IAS 19 (*Revised*) accounting charge is not aligned with the principles that we apply in measuring our EBITDA. As a result, we include the non-cash pension charge as an adjustment to our EBITDA. See "*Presentation of Financial Data—Financial Information—Non-IFRS Financial Data*."

Non-cash lease fair value credits

The non-cash lease fair value credit included in the income statement during the period arose from the unfavorable lease provision recognized on acquisition of eircom Limited. At the date of acquisition, we were required to recognize a liability for the difference between the amount of future rental payments that had been contractually committed to and the estimated market rent that would have been payable if those contracts had been entered into at that date. The liability is released as a credit to the income statement over the period of the relevant leases.

Amortization

Amortization charges decreased by 10% from €50 million for the six months ended December 31, 2017 to €45 million for the six months ended December 31, 2018, due to lower amortization on computer software and customer relationships having been fully amortized for the year ended June 30, 2018.

Depreciation

Depreciation charges decreased by 3% from €142 million for the six months ended December 31, 2017 to €138 million for the six months ended December 31, 2018. The decrease in depreciation is mainly due to the review of the economic lives and residual values of assets in the group which resulted in an increase in the asset lives of certain network assets (Tetra). The effect of the changes in the income statement for the period ended December 31, 2018 was a decrease in the depreciation charge of €4 million.

Exceptional items

The exceptional charges of €10 million for the six months ended December 31, 2018 includes €4 million for group reorganization costs, €5 million for certain legal matters and €1 million for restructuring program costs for IAS 19 (Revised) defined benefit pension past service costs on staff exits.

The exceptional charges of €18 million for the six months ended December 31, 2017 includes €12 million for transaction related costs, €3 million for restructuring program costs and €3 million for the management incentive plan. The €12 million transaction related costs were mainly incurred by the group, in connection with the acquisition by NJJ, alongside Iliad, to acquire a major stake in the eir group, and for other strategic project related costs.

Finance costs (net)

Net finance costs of €50 million for the six months ended December 31, 2018 were in line with net finance costs for the six months ended December 31, 2017 of €50 million. The lower interest costs on bank borrowings and pension liability in the current period offsets the prior year credits on derivatives not qualifying for hedge accounting.

Taxation

The tax charge was €1 million for the six months ended December 31, 2018 and is in line with the tax charge for the six months ended December 31, 2017 of €1 million. The increase in the current tax charge due to higher taxable profits were offset by an increase in the deferred tax credit in respect of the origination and reversal of temporary differences on property, plant & equipment.

Results of operations for the financial year ended June 30, 2018 compared to the financial year ended June 30, 2017 and financial year ended June 30, 2016.

The following table shows selected consolidated income statement data (which has been prepared in accordance with IFRS) from our operations for the periods indicated.

(in € millions)	For the financial year ended June 30,			As adjusted[(a)] for the financial year ended June 30,		
	2016	2017	2018	2016	2017	2018[(a)]
		(audited)			(unaudited)	
Revenue	1,294	1,283	1,252	1,310	1,299	1,270
Operating costs excluding amortization, depreciation, impairment and exceptional items	(810)	(786)	(742)	(817)	(791)	(750)
Amortization	(88)	(108)	(101)	(88)	(108)	(101)
Depreciation and impairment of plant and equipment	(280)	(270)	(291)	(287)	(269)	(295)
Exceptional items	(68)	(92)	(87)	(68)	(92)	(87)
Profit/(loss) on disposal of property, plant and equipment	7	4	1	7	4	1
Operating profit/(loss)	**55**	**31**	**32**	**57**	**43**	**38**
Finance costs	(226)	(277)	(102)	(226)	(277)	(102)
Finance income	—	—	—	—	—	—
Finance costs—net	(226)	(277)	(102)	(226)	(277)	(102)
Share of profit of joint venture	2	10	5	—	—	—
Loss before tax	**(169)**	**(236)**	**(65)**	**(169)**	**(234)**	**(64)**
Income tax (charge)/credit	11	10	6	11	8	5
Loss for the year	**(158)**	**(226)**	**(59)**	**(158)**	**(226)**	**(59)**

(a) The as adjusted numbers reflect Tetra's results of operations accounted for based on the proportionate consolidation method of accounting rather than the equity method of accounting as required under IFRS 11.

Revenue

Revenue decreased by 2% from €1,283 million for the financial year ended June 30, 2017 to €1,252 million for the financial year ended June 30, 2018 and by 0.9% from €1,294 million for the financial year ended June 30, 2016 to €1,283 million for the financial year ended June 30, 2017. On an adjusted basis (accounting for Tetra's results on a proportionate basis), our revenue decreased by 2% from €1,299 million for the year ended June 30, 2017 to €1,270 million for the financial year ended June 30, 2018 and decreased by 1% from €1,310 million for the financial year ended June 30, 2016 to €1,299 million for the financial year ended June 30, 2017.

The following discussion is based on our adjusted results, which reflects Tetra's results applying the proportionate consolidation method of accounting rather than the equity method as required under IFRS 11.

The following table shows certain segmental information relating to our business for the periods indicated:

(in € millions, except percentages)	For the financial year ended June 30,			% Change	% Change
	2016	2017	2018	2016/2017	2017/2018
Fixed line services and other revenue	995	993	965	—	(3)
Mobile services revenue	358	341	338	(5)	1
Total segmental revenue	**1,353**	**1,334**	**1,303**	**(1)**	**(2)**
Intracompany eliminations	(43)	(35)	(33)	(19)	(6)
Total revenue	**1,310**	**1,299**	**1,270**	**(1)**	**(2)**

Fixed line services

The following tables shows Consumer Blended ARPU, fixed subscribers and fixed churn information relating to our business for the periods indicated:

Blended Consumer Fixed ARPU

(€ per month, except percentages)	For the financial year ended June 30, 2016	2017	2018	% Change 2016/2017	% Change 2017/2018
Blended Consumer Fixed ARPU[(1)]	44.9	47.1	49.7	4.9	4.0

(1) We define "Blended Consumer Fixed ARPU" as the average of the total consumer subscriber revenue divided by the average number of access subscribers (including SABB) in each month. Subscriber revenue is equal to total fixed line consumer revenue excluding revenue from eir Sport and Operator Services. The average number of subscribers in a month as the average of the total number of subscribers at the beginning of the month and the total number of subscribers at the end of the month.

The consumer blended ARPU increased from 47.1 for the financial year ended June 30, 2017 to 49.7 for the financial year ended June 30, 2018, primarily due to increased pricing and the promotion of higher valued bundled offerings. The consumer blended ARPU increased from 44.9 for the financial year ended June 30, 2016 to 47.1 for the financial year ended June 30, 2017, also primarily due to increased pricing and the promotion of new higher valued bundled offerings during the financial year ended June 30, 2017.

Fixed Subscribers

	As of June 30, 2016	2017	2018	% Change 2016/2017	% Change 2017/2018
Access paths: (000's, except percentages)					
Retail Access Lines	715	678	654	(5)	(4)
Wholesale Access Lines	501	494	496	(1)	—
Wholesale LLU	10	9	4	(12)	(57)
Standalone Broadband	124	182	186	47	2
Total PSTN/ISDN/LLU/SABB	**1,350**	**1,363**	**1,340**	**1**	**(2)**
Broadband Lines: (000's, except percentages)					
Retail Broadband	449	444	450	(1)	1
Wholesale Broadband	405	452	473	11	5
Total Broadband	**854**	**896**	**923**	**5**	**3**

Fixed Churn

	For the financial year ended June 30, 2016	2017	2018	% Change 2016/2017	% Change 2017/2018
Consumer fixed access churn (%)	20.5	19.3	20.3	(5.7)	5.2
Consumer broadband churn (%)	20.6	20.8	21.2	1.0	1.9

Consumer fixed access churn increased from 19.3% for the financial year ended June 30, 2017 to 20.3% for the financial year ended June 30, 2018 and decreased from 20.5% for the financial year ended June 30, 2016 to 19.3% for the financial year ended June 30, 2017. The increase in churn for the financial year ended June 30, 2018 was primarily as a result of price increases introduced during the year. The increase in churn for financial year ended June 30, 2017 was primarily due to the slowdown in the rate of traditional access losses in the year. Consumer broadband churn increased from 20.8% for the financial year ended June 30, 2017 to 21.2% for the financial year ended June 30, 2018 and increased marginally from 20.6% for the financial year ended June 30, 2016 to 20.8% for the financial year ended June 30, 2017. The increase in consumer broadband churn was primarily a result of price increases introduced in financial years 2017 and 2018 and is in line with our expectations.

We continue to address retail fixed line losses and broadband churn with a number of programs, including rolling out high speed broadband and offering bundled telecommunications services including TV and eir Sport content and mobile. As of December 31, 2018, the roll-out of our high speed fibre network had passed over 79% of Irish premises and 670,000 retail and wholesale customers were connected to high speed broadband services. In the same period, 80,000 customers were subscribing to TV, an increase of 6,000 subscriptions compared to the previous year and 56% of the consumer broadband base was subscribing to exclusive eir Sport content. As of December 31, 2018, 31% of eir's consumer households were subscribed to three or more services from eir's offerings across broadband, mobile, TV and telephony.

Fixed line services and other revenue

Total fixed line services and other revenue before intra-company eliminations decreased by 3% to €965 million for the financial year ended June 30, 2018 compared to €993 million for the financial year ended June 30, 2017 and was broadly stable for the financial year ended June 30, 2017 when compared to the financial year ended June 30, 2016. The decrease from 2017 to 2018 was driven by a decline in access revenue as well as a decrease in low margin eir business revenues for the financial year ended June 30, 2018 while revenue increases in broadband, data services and other products and services (which includes TV and eir Sport revenue) were offset by declines in voice access and traffic revenues for the financial year ended June 30, 2017.

The following table shows our revenue from the fixed line segment, analyzed by major products and services, and the percentage change for each category, for the periods indicated:

	For the financial year ended June 30,			% Change	% Change
(€ in millions, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Access (Rental and Connections)	489	477	474	(2)	(1)
Voice Traffic including Foreign Inpayments	236	226	221	(3)	(2)
Data Services	96	99	98	3	(1)
Other Products and Services	174	191	172	10	(10)
Total fixed line services and other revenue	**995**	**993**	**965**	—	**(3)**

Access (rental and connections)

The following table shows rental, connection and other charges and the percentage changes for the periods indicated:

	For the financial year ended June 30,			% Change	% Change
(€ in millions, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Total access revenue:					
Retail PSTN/ISDN rental and connection	219	202	194	(8)	(4)
Wholesale PSTN/ISDN/LLU rental and connection	118	108	109	(8)	1
ADSL and bitstream rental and connection	152	167	171	10	3
Total access revenue	**489**	**477**	**474**	**(2)**	**(1)**

Total access revenues decreased by 1% to €474 million for the financial year ended June 30, 2018 compared to €477 million in the corresponding prior year period, primarily due to the reasons discussed below.

Retail PSTN/ISDN line rental and connection revenue decreased by 4% from €202 million for the financial year ended June 30, 2017 to €194 million for the financial year ended June 30, 2018, and by 8% from €219 million for the financial year ended June 30, 2016 to €202 million for the financial year ended June 30, 2017, in each case primarily due to a decline in PSTN and ISDN access lines in the same period, while wholesale access revenue and lines were broadly stable during the same period.

Retail Access lines were 654,000 as of June 30, 2018, a decrease of 4% as compared to the financial year ended June 30, 2017, and were 678,000 as of June 30, 2017, a decrease of 5% as compared to the financial year ended June 30, 2016, primarily as a result of a slowdown in the traditional lines. Retail Access lines increased by 4,000 to 658,000 as of December 31, 2018, driven by growth in our retail arm.

Wholesale rental and connection revenue increased by 1% from €108 million for the financial year ended June 30, 2017 to €109 million for the financial year ended June 30, 2018, and decreased by 8% from €118 million for the financial year ended June 30, 2016 to €108 million for the financial year ended June 30, 2017, due to a reduction in the price of PSTN Wholesale line rental ("WLR"), from €18.02 to €15.91. WLR lines marginally increased by 0.4% from 494,000 for the financial year ended June 30, 2017 to 496,000 for the financial year ended June 30, 2018 and decreased by 1% from 501,000 for the financial year ended June 30, 2016 to 494,000 for the financial year ended June 30, 2017 Wholesale LLU connections decreased by 57% from 9,000 for the financial year ended June 30, 2017 to 4,000 for the financial year ended June 30, 2018 and decreased by 12% from 10,000 for the financial year ended June 30, 2016 to 9,000 connections for the financial year ended June 30, 2017. ADSL and bitstream revenue increased by 3% from €167 million for the financial year ended June 30, 2017 to €171 million for the financial year ended June 30, 2018 due to an increase in volumes. ADSL and bitstream revenue increased by 10% from €152 million for the financial year ended June 30, 2016 to €167 million for the financial year ended June 30, 2017 due to price increases introduced during financial year 2017 as well as an increase in DSL lines. As of June 30, 2018, the number of DSL lines had increased by 3% to 923,000 lines, from 896,000 as of June 30, 2017, driven mainly by growth in both the retail and wholesale divisions

Traffic

The following table shows information relating to our total traffic revenue and volumes, and the percentage change for the periods indicated:

	For the financial year ended June 30,			% Change	% Change
(€ in millions, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Revenue:					
Retail	159	160	158	1	(2)
Wholesale (including Foreign Inpayments)	77	66	63	(14)	(4)
Total traffic revenue	**236**	**226**	**221**	**(4)**	**(2)**
(in millions of minutes, except percentages)					
Traffic:					
Retail	1,699	1,468	1,297	(14)	(12)
Wholesale (including Foreign Terminating Traffic)	4,871	4,340	3,881	(11)	(11)
Total traffic minutes	**6,570**	**5,808**	**5,178**	**(12)**	**(11)**

Overall traffic revenue decreased by 2% to €221 million in year ended June 30, 2018 when compared with €226 million in the corresponding prior year period. Retail voice traffic revenues decreased by 2% to €158 million for the financial year ended June 30, 2018 compared with €160 million in the corresponding prior year period. This was primarily due to a reduction in retail access lines and group traffic usage as well as MTR reductions (impact on wholesale only). Wholesale traffic revenue decreased by 4% to €63 million for the financial year ended June 30, 2018 compared to €66 million the corresponding prior year period, primarily due to traffic usage, as well as MTR reductions.

Overall traffic revenue decreased by 4% to €226 million in year ended June 30, 2017 when compared with €236 million in the corresponding prior year period. Retail voice traffic revenues increased by 1% to €160 million for the financial year ended June 30, 2017 compared with €159 million in the corresponding prior year period. This was primarily driven by the introduction of new higher valued bundled offerings, which resulted in a 6% uplift in Blended Consumer Fixed ARPU for the financial year ended June 30, 2017. This was partially offset by a reduction in traffic usage and a lower access base.

Wholesale traffic revenue (including Foreign Inpayments) decreased by 14% to €66 million for the financial year ended June 30, 2017 compared to €77 million in the corresponding prior year period, primarily due to MTR reductions and a decrease in traffic usage.

Data Services

The following table shows information relating to revenue from data communications products and services, and the percentage change for the periods indicated:

(€ in millions, except percentages)	For the financial year ended June 30, 2016	2017	2018	% Change 2016/2017	% Change 2017/2018
Data communications revenue:					
Leased lines	53	53	52	1	(4)
Switched data	20	18	16	(11)	(9)
Next generation data services	23	28	30	21	8
Total data communications revenue	**96**	**99**	**98**	**3**	**(1)**

Revenue from data communications remained broadly flat for the financial year ended June 30, 2017 compared to the corresponding prior year period and decreased by 1% for the financial year ended June 30, 2018. Revenue from switched data decreased by 9%, while revenue from next generation data services increased by 8% compared to corresponding prior year period, reflecting a move from legacy products to next generation services.

Revenue from data communications remained broadly stable for the financial year ended June 30, 2016 compared to the corresponding prior year period and increased by 3% for the financial year ended June 30, 2017. Revenue from switched data decreased by 11%, while revenue from next generation data services increased by 21% compared to corresponding prior year period, reflecting a move from legacy products to next generation services.

Other products and services

Other products and services revenue includes our 56% share of revenue from Tetra (net of consolidation eliminations), eir Sport, revenue from our operations in the UK, Operator services, managed services, data centers and other revenue.

The following table shows information relating to revenue from other products and services, and the percentage change for the periods indicated:

(€ in millions, except percentages)	For the financial year ended June 30, 2016	2017	2018	% Change 2016/2017	% Change 2017/2018
Operator services	12	10	8	(23)	(16)
Managed services and solutions	58	64	51	11	(21)
Tetra	19	19	20	1	5
UK	31	30	29	(1)	(6)
Data center	15	11	9	(28)	(16)
Other revenue	39	57	55	45	(3)
Other products and services revenue	**174**	**191**	**172**	**10**	**(10)**

Revenue from other products and services decreased by 10% from €191 million for the financial year ended June 30, 2017 to €172 million for the financial year ended June 30, 2018. Operator services revenue decreased by 16% for the financial year ended June 30, 2018 as compared to the financial year ended June 30, 2017 due to reduced call volumes to our 11811 directory enquiries service. Managed services revenue and decreased by 21%, primarily due to a decision to exit low margin eir Business revenue streams.

UK revenues of €29 million for the year ended June 30, 2018 were broadly stable compared to the corresponding prior year period. Underlying UK revenue increased by 13% notwithstanding a weakness in sterling which affected the translation of reported revenues compared to the corresponding prior year period. Data center revenue decreased by 16% for the year ended June 30, 2018 compared to the corresponding prior year period, due to a changing market trend whereby multinationals are investing in their own portfolio of data centers. Other revenue, which includes property income, eir Sport and other miscellaneous revenues, decreased by 3% or €2 million.

Revenue from other products and services increased by 10% from €174 million for the financial year ended June 30, 2016 to €191 million for the financial year ended June 30, 2017. Operator services revenue decreased by 23% for the financial year ended June 30, 2017 as compared to the financial year ended June 30, 2016 due to reduced call volumes to our 11811 directory enquiries service. Managed services revenue increased by 11%, primarily due to significant contracts won by eir Business which were delivered for the year ended June 30, 2017. Tetra revenues remained broadly stable year on year.

UK revenues of €30 million for the year ended June 30, 2017 were broadly stable compared to the corresponding prior year period. Underlying UK revenue increased by 13% notwithstanding a weakness in sterling which affected the translation of reported revenues by €4 million compared to the corresponding prior year period. Data center revenue declined by 28% for the year ended June 30, 2017 compared to the corresponding prior year period, due to a changing market trend whereby multinationals are investing in their own portfolio of data centers. Other revenue (including eir Sport) increased by 45% due to increased revenues from TV/eir Sport services.

Mobile services revenue

The following table shows revenue from our Mobile segment, analyzed by major products and services:

	For the financial year ended June 30,			% Change	% Change
(€ in millions, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Mobile services:					
Prepaid handset	109	98	96	(10)	(1)
Postpaid handset	210	200	201	(5)	—
Mobile broadband	9	9	10	(1)	7
Roaming	6	7	7	18	4
Other	24	27	24	11	(10)
Total mobile services revenue	**358**	**341**	**338**	**(5)**	**(1)**

	As of June 30,			% Change	% Change
(in thousands, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Total subscribers:					
Prepaid handset customers	554	539	496	(3)	(8)
Postpaid handset customers	465	473	508	2	7
Mobile Broadband customers	41	49	43	20	(5)
Of which are prepaid customers	8	8	8	(1)	8
Of which are postpaid customers	33	41	35	24	(8)
Total subscribers	**1,060**	**1,061**	**1,047**	**—**	**(1)**

Mobile services revenue comprises prepay and postpay revenues including interconnect, mobile broadband and eir Mobile. Other revenue is derived mainly from device sales and foreign roaming revenue. Mobile Revenues for the financial year ended June 30, 2018 include the impact of MTR reductions of approximately €5 million. Mobile Revenues for the financial year ended June 30, 2017 include the impact of MTR reductions of approximately €17 million.

Mobile services revenue decreased by 1% for the financial year ended June 30, 2018 as a result of the impact of MTR. Adjusting for the impact of MTR, underlying mobile revenue increased by €2 million compared to the corresponding prior year period. Mobile services revenue decreased by 5% for the financial year ended June 30, 2017. Adjusting for the impact of MTR, underlying mobile revenue remained broadly stable when compared to the corresponding prior year period.

Prepay handset revenue decreased by 1% for the financial year ended June 30, 2018, mainly due to a decline in handset subscribers coupled with the impact of reduced MTRs. Excluding MTR impact, prepaid handset revenues were broadly flat compared to the corresponding prior year period. Prepay handset revenue decreased by 10% for the financial year ended June 30, 2017 due to a 3% decline in handset subscribers coupled with the impact of reduced MTRs. Excluding MTR impact, prepaid handset revenues decreased by 4% year on year.

Postpay handset revenue increased by 1% for the financial year ended June 30, 2018 as the impact of MTR offset an increase in subscribers. Excluding MTR impact, postpay handset revenues increased by €4 million compared to the prior year period. Postpay handset revenue decreased by 5% for the financial year ended June 30, 2017. Excluding MTR impact, postpay handset revenues were stable year on year.

As of June 30, 2018, there were 1,047,000 total mobile subscribers representing a decrease of 1% compared with the prior year period. The mix of the mobile customer base, however, continued to improve, with 52% of mobile customers in contract, an increase of 4% compared to the corresponding prior year period. As of June 30, 2017, there were 1,061,000 total mobile subscribers which was broadly stable when compared with the corresponding prior year period. The mix of the mobile customer base, however, continued to improve, with 48% of mobile customers in contract, an increase of 1% compared to the corresponding prior year period.

Mobile ARPU

The following table shows the average revenue per user (ARPU):

	For the financial year ended June 30,			% Change	% Change
(€ per month)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2016/2017	2017/2018
Prepay ARPU[(1)]	15.6	14.6	15.3	(6)	5
Postpay ARPU[(2)]	37.4	34.3	33.1	(8)	(3)
Total ARPU[(3)]	**25.5**	**24.0**	**24.2**	(6)	1

(1) We define "Prepay ARPU" as the measure of the sum of the total prepay mobile subscriber revenue including revenue from incoming traffic in a year divided by the average number of prepay mobile subscribers in the period divided by the number of months in the year.

(2) We define "Postpay ARPU" as the measure of the sum of the total postpay mobile subscriber revenue including revenue from incoming traffic in a year divided by the average number of postpay mobile subscribers in the period divided by the number of months in the year.

(3) We define "Total ARPU" as the total mobile subscriber revenue in a period divided by the average number of mobile subscribers in the year divided by the number of months in the year.

Our total ARPU at €24.2 per month for the financial year ended June 30, 2018 marginally increased from €24.0 per month for the financial year ended June 30, 2017, driven mainly by a change to prepay top-up terms from 30 days to a 28 day cycle, in line with market standards.

Our total ARPU at €24.0 per month for the financial year ended June 30, 2017 decreased from €25.5 per month for the financial year ended June 30, 2016, primarily due to MTR reductions.

Mobile Churn

The table below sets forth our blended postpaid and prepaid annualized mobile churn rate for the periods indicated:

	For the financial year ended June 30			% Change	% Change
	2016	2017	2018	2016/2017	2017/2018
Blended Mobile Churn rate (%)	41.5%	40.0%	35.6%	(4)	(11)
Postpay Churn rate (%)	19.6%	20.5%	17.9%	5	(13)
Prepay Churn rate (%)	59.7%	56.8%	53.1%	(5)	(7)

Our blended mobile churn rate decreased from 40.0% for the financial year ended June 30, 2017 to 35.6% for the financial year ended June 30, 2018. During the financial year ended June 30, 2018, postpay churn decreased from 20.5% to 17.9%, primarily due to increased bundling and an improved acquisition profile. Prepay churn decreased to 53.1% for the financial year ended June 30, 2018 compared to 56.8% for the financial year ended June 30, 2017, driven by the impact of new EU roaming regulations which have reduced the volume of seasonal customers.

Our blended mobile churn rate decreased from 41.5% for the financial year ended June 30, 2016 to 40.0% for the financial year ended June 30, 2017. During the financial year ended June 30, 2017, postpay churn (excluding machine to machine) increased from 19.6% to 20.5%, driven by increased competitive pressure in the market. Prepay churn decreased to 56.8% for the financial year ended June 30, 2017 as compared to 59.7% for the financial year ended June 30, 2016. Prepay proposition changes made in June 2016 increased the data allowance resulting in lower churn for the twelve months to June 30, 2017 compared to the same period in the prior year.

Operating costs excluding amortization, depreciation, impairment and exceptional items

The following table shows information relating to our operating costs excluding amortization, depreciation, impairment, and exceptional items (including restructuring), and the percentage changes for the periods indicated:

	As adjusted for the financial year ended June 30,			% Change	% Change
(€ in millions, except percentages)	**2016**	**2017**	**2018**	**2016/2017**	**2017/2018**
Cost of sales					
Foreign outpayments	11	10	11	(10)	11
Interconnect	113	87	80	(23)	(7)
Equipment cost of sales	68	70	66	2	(6)
Other including subsidiaries	102	122	113	20	(8)
Total cost of sales	294	289	270	(2)	(7)
Pay costs					
Wages and salaries and other staff pay costs	247	232	223	(6)	(4)
Social welfare costs	12	12	12	(2)	1
Pension costs—defined contribution plan	4	5	5	15	6
Pension costs—defined benefit plan	14	15	15	14	(5)
Pay Costs before non-cash pension charge and capitalization	**277**	**264**	**255**	**(5)**	**(3)**
Capitalized labor	(70)	(74)	(70)	(6)	(5)
Total pay costs before non-cash pension charge	**207**	**190**	**185**	**(8)**	**(3)**
Non-pay costs					
Materials and services	18	18	17	(3)	(5)
Other network costs	15	16	17	10	4
Accommodation	102	94	88	(8)	(6)
Sales and marketing	71	69	64	(2)	(8)
Bad debts	8	7	8	(13)	6
Transport and travel	12	11	11	(2)	(5)
Customer services	42	39	38	(8)	(1)
Insurance and compensation	3	3	3	(9)	15
Professional and regulatory fees	9	12	9	29	(29)
IT costs	22	24	27	10	16
Other non-pay costs	7	7	5	3	(26)
Total non-pay costs	309	300	287	(3)	(4)
Operating costs before non-cash pension charge, non-cash lease fair value credits, amortization, depreciation, and exceptional items	**810**	**779**	**742**	**(4)**	**(5)**
Non-cash pension charge	15	19	15	26	(21)
Non-cash fair value lease credits	(8)	(7)	(7)	(12)	0
Operating costs excluding amortization, depreciation and exceptional items	**817**	**791**	**750**	**(3)**	**(5)**

Operating costs excluding amortization, depreciation and exceptional items decreased by 5% from €786 million for the financial year ended June 30, 2017 to €742 million for the financial year ended June 30, 2018 and decreased by 3% from €810 million for the financial year ended June 30, 2016 to €786 million for the financial year ended June 30, 2017. On an adjusted basis (accounting for Tetra's results on a proportionate basis), operating costs excluding amortization, depreciation and exceptional items decreased by 5% from €791 million for the financial year ended June 30, 2017 to €750 million for the financial year ended June 30, 2018.

We have discussed below, the key factors affecting the changes in the various items making up our operating costs excluding amortization, depreciation and exceptional items.

Cost of sales

Cost of sales decreased by 7% for the financial year ended June 30, 2018 compared to the financial year ended June 30, 2017. Foreign outpayments increased by 11% from €10 million to €11 million for the financial year ended June 30, 2018 compared to the financial year ended June 30, 2017. Interconnect payments to other telecommunications operators decreased by 7% from €87 million to €80 million for the financial year ended June 30, 2018 compared to the financial year ended June 30, 2017. Other cost of sales decreased by 8% from €122 million to €113 million for the financial year ended June 30, 2018 compared to the financial year ended June 30, 2017, primarily due to a corresponding reduction in eir Business managed services/ICT and data center revenues.

Cost of sales decreased by 2% for the financial year ended June 30, 2017 compared to the financial year ended June 30, 2016. Foreign outpayments decreased by 10% from €11 million to €10 million for the financial year ended June 30, 2017 compared to the financial year ended June 30, 2016. Interconnect payments to other telecommunications operators decreased by 23% from €113 million to €87 million for the financial year ended June 30, 2017 compared to the financial year ended June 30, 2016, of which €17 million related to MTR reductions. Other cost of sales increased by 20% from €102 million to €122 million for the financial year ended June 30, 2017 compared to the financial year ended June 30, 2016, primarily due to increased revenue from new services, including TV (including eir Sport) and managed services.

Pay costs

Total pay costs before non-cash pension charges decreased by 3% for the financial year ended June 30, 2018 compared to the prior year, due to a combination of lower FTE headcount and lower contractor costs. FTE headcount decreased by 481 FTE, from 3,279 FTE for the financial year ended June 30, 2017 to 2,798 FTE for the financial year ended June 30, 2018.

Total pay costs before non-cash pension charges decreased by 8% for the financial year ended June 30, 2017 compared to the prior year, due to a combination of lower FTE headcount, lower contractor costs and savings from outsourcing of activities. FTE headcount decreased by 85 FTE, from FTE for the financial year ended June 30, 2016 to 3,279 FTE for the financial year ended June 30, 2017.

Non-pay costs

Total non-pay costs decreased by 4% to €287 million for the financial year ended June 30, 2018 compared to €300 million for the financial year ended June 30, 2017. Excluding prior year storm costs of €1 million, which were incurred in the second quarter of 2018, non-pay costs reduced by 4% or €14 million. This was primarily driven by decreases in accommodation costs of €6 million (primarily due to lower rent costs as part of optimization of our property portfolio), lower sales and marketing costs (driven by efficiencies achieved as part of the Meteor rebrand to eir) and lower professional and regulatory costs. Cost savings were offset by an increase in IT costs by 16% or €3 million when compared to the corresponding prior year period.

Total non-pay costs decreased by 3% to €300 million for the financial year ended June 30, 2017 compared to €309 million for the financial year ended June 30, 2016. Excluding prior year storm costs of €3.5 million, which were incurred in the third quarter of 2016, non-pay costs reduced by 2% or €5 million. This was primarily driven by decreases in accommodation costs of €8 million (primarily due to lower rent costs as part of optimization of our property portfolio) and customer service costs decreasing by 8% or €4 million (due to efficiencies achieved from outsourcing of customer care) when compared to the corresponding prior year period. Cost savings were offset by increases in professional and regulatory costs by €3 million (due to use of professional services to support transformation programs) and increases in IT costs of by 10% or €2 million (due to increased investment in new IT systems) when compared to the corresponding prior year period.

Non-cash pension charge

The non-cash pension charge represents the difference between the amount of cash contributions that we have agreed to make to the fund during the year, on an accruals basis, and the accounting charges recognized in operating profit in accordance with IAS 19 (Revised). The IAS 19 (Revised) accounting charge is not aligned with the principles that we apply in measuring our EBITDA. As a result, we include the non-cash pension charge as an adjustment to our EBITDA. See "*Summary—Summary Historical Financial Data.*"

Non-cash lease fair value credits

The non-cash lease fair value credit included in the income statement during the period is in respect of the unfavorable lease fair value adjustment which arose on acquisition of eircom Limited. At the date of acquisition, we were required to recognize a liability for the difference between the amount of future rental payments that had been contractually committed to and the market rent that would have been payable if those contracts had been entered into at that date. The liability is released as a credit to the income statement over the period of the relevant leases. The IFRS accounting treatment is not aligned with the principles we apply in measuring our EBITDA. As a result, non-cash lease fair value credit is included as an adjustment to our EBITDA.

Amortization

Amortization charges decreased by 6% from €108 million for the financial year ended June 30, 2017 to €101 million for the financial year ended June 30, 2018, due to lower amortization on computer software.

Amortization charges increased by 22.7% from €88 million for the financial year ended June 30, 2016 to €108 million for the financial year ended June 30, 2017, due to higher amortization on computer software arising as a result of new intangible assets (€9 million), higher amortization on the fixed line trademark following our re-branding in September 2015 (€6 million) and higher amortization of intangible assets in relation to the acquisition of eir Sport on April 1, 2016 (€6 million).

Adjustments to amortization based on changes to our accounting policy for joint venture arrangement were immaterial.

Depreciation

Depreciation charges increased by 7.8% from €270 million for the financial year ended June 30, 2017 to €291 million for the financial year ended June 30, 2018. On an adjusted basis (accounting for Tetra's results on a proportionate basis), depreciation charges increased by 9.7% from €269 million for the financial year ended June 30, 2017 to €295 million for the financial year ended June 30, 2018. The increase is partly due to higher depreciation on Next Generation Assets (fiber) of €11 million and IT assets of €3 million and higher depreciation on our share of Tetra related assets of €5 million due to lower depreciation in the prior year as a result of the increase in asset lives of certain network assets. In addition, the depreciation charge was lower in the prior year as a result of the revised estimates for certain asset retirement obligations.

Depreciation charges decreased by 3.6% from €280 million for the financial year ended June 30, 2016 to €270 million for the financial year ended June 30, 2017. On an adjusted basis (accounting for Tetra's results on a proportionate basis), depreciation charges decreased by 6.3% from €287 million for the financial year ended June 30, 2016 to €269 million for the financial year ended June 30, 2017. The decrease is partly due to the review of the economic lives and residual values of assets, which resulted in an increase in the asset lives of certain network assets (Tetra). As a result of the adjustment, the depreciation charge was €8 million lower for the financial year ended June 30, 2017. The decrease is also due to assets (local network) being fully depreciated during the year, having reached the end of their useful life as well as credits to depreciation as a result of the revised estimates for certain asset retirement obligations.

Exceptional Items

For the financial year ended June 30, 2018, our exceptional charge of €87 million included €68 million for restructuring program costs, €10 million for transaction related costs, €8 million for our management incentive plans, €1 million for certain legal matters arising in the year and €1 million for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in April 2016.

The exceptional charge of €68 million for restructuring program costs includes an IAS 19 (Revised) defined benefit pension charge for past service costs of €6 million.

For the financial year ended June 30, 2017, our exceptional charge of €92 million included €52 million for restructuring program costs, €27 million for onerous contracts on leasehold properties, €6 million for strategic review costs, €2 million for our management incentive plan, €4 million for certain legal matters arising in the period and €1 million for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in in April 2016.

The exceptional charge of €52 million for restructuring program costs includes a €34 million provision for future staff exits. The provision comprises the estimated benefits payable to staff availing of the voluntary leaving scheme. In June 2017, we announced a restructuring program, including a voluntary leaving plan, to reduce its workforce by approximately 200-240 employees through an incentivized exit scheme. The remaining €18 million charge was for staff who had either exited the business, or were committed to exiting the business as of June 30, 2017.

The €27 million exceptional charge for onerous contracts on leasehold properties is a result of the rationalization of our accommodation requirements in the period. Provision has been made in respect of the estimated cash flow required to meet the future lease payments net of any sub-lease income for these leases.

For the financial year ended June 30, 2016, our exceptional charge of €68 million included €18 million for re-branding and other strategic review costs, €5 million for our management incentive plan and €21 million for onerous lease contracts and other exceptional costs. These exceptional charges were partially offset by exceptional credits of €3 million, mainly due to the release of dilapidation provisions in respect of Telephone House that were carried forward from the previous year.

Finance costs (net)

Net finance costs decreased by 63% from €277 million for the financial year ended June 30, 2017 to €102 million for the financial year ended June 30, 2018. The decrease is mainly due to an accounting loss on extinguishment of debt of €131 million recognized within finance costs in the prior year as a result of the various prepayments and refinancing transactions that took place during the financial year ended June 30, 2017.

The €175 million decrease in finance costs is also due to lower amortization on the fair value debt adjustment of €15 million and interest costs on bank borrowings of €13 million as a result of the various refinancing of the facility B borrowings and the write-off for the financial year ended June 30, 2017 of debt issue costs and debt modification fees of €15 million.

Net finance charges increased by 22.6% from €226 million for the financial year ended June 30, 2016 to €277 million for the financial year ended June 30, 2017. On an adjusted basis (accounting for Tetra's results on a proportionate basis), there were no adjustments made based on changes to our accounting policies. The increase is mainly due to an accounting loss on extinguishment of debt of €131 million recognized in the income statement within finance costs as a result of the various prepayments and refinancing transactions that took place during the year.

The €51 million increase in finance costs is mainly due to the higher loss on extinguishment (including interest amortization) of €111 million offset by lower interest costs on bank borrowings and other debt of €23 million, favorable fair value movement on derivatives not qualifying for hedge accounting of €19 million and impacted by a one-off cost incurred in the prior year on the redemption of the 9.25% Senior Secured Notes of €16 million.

Taxation

The tax credit for the financial year ended June 30, 2018 was €6 million. On an adjusted basis (accounting for Tetra's results on a proportionate basis), the tax credit was €5 million and mainly arises as a result of a deferred tax credit from the reduction in the carrying value of assets (mainly trademark) and fair value accounting uplifts on which a deferred tax charge was provided for in prior years.

The tax credit for the financial year ended June 30, 2017 was €10 million. On an adjusted basis (accounting for Tetra's results on a proportionate basis), the tax credit was €8 million and mainly arises as a result of a deferred tax credit from the reduction in the carrying value of assets (mainly trademark) and fair value accounting uplifts on which a deferred tax charge was provided for in prior years.

The tax credit for the financial year ended June 30, 2016 was €11 million and primarily relates to a deferred tax credit from the reduction in the carrying value of assets (mainly trademark) and fair value accounting uplifts on which a deferred tax charge was provided for in prior years.

Liquidity

The table below sets out certain information related to our cash flows.

(€ in millions)	For the financial year ended June 30, 2016	2017	2018	For the six months ended December 31, 2017	2018
Cash flows from operating activities					
Cash generated from operations	461	464	456	198	198
Interest paid	(133)	(105)	(92)	(46)	(44)
Income tax refund/(paid)	(17)	8	(14)	(4)	(5)
Net cash generated from operating activities	311	367	350	148	149
Cash flows from investing activities					
Acquisition of subsidiary undertaking, net of cash acquired	(22)	—	—	—	—
Purchase of property, plant and equipment ("PPE")	(227)	(273)	(254)	(139)	(107)
Purchase of intangible assets	(66)	(42)	(66)	(34)	(9)
Proceeds from sale of PPE	9	16	3	—	—
Dividend received	—	11	8	3	7
Restricted cash	(1)	(8)	13	13	(18)
Loans advanced to holding company	—	—	1	—	—
Net cash used in investing activities	(307)	(296)	(295)	(157)	(127)
Cash flows from financing activities					
Dividends paid to equity shareholders	(1)	(1)	(1)	(1)	—
Capital contribution from equity shareholders	—	—	3	—	—
Proceeds from loan borrowings	2,367	1,115	—	—	—
Repayment on borrowings	(2,489)	(1,061)	—	—	—
Repayment of discount on borrowings	(37)	(317)	—	—	—
Proceeds from issuance of 4.5% Senior Secured Notes	500	200	—	—	—
Premium on issuance of 4.5% Senior Secured Notes	—	3	—	—	—
Repayment of 9.25% Senior Secured Notes	(350)	—	—	—	—
Cost on redemption of 9.25% Senior Secured Notes	(16)	—	—	—	—
Debt issue costs paid	(9)	(3)	—	—	—
Fees paid in respect of Revolving Credit Facility	(3)	(1)	—	—	—
Debt related fees paid in respect of transaction offer	—	—	(2)	—	—
Debt modification fees paid	(4)	(12)	—	—	—
Net cash used in financing activities	(42)	(77)	—	(1)	—
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(38)**	**(6)**	**55**	**(10)**	**22**
Cash, cash equivalents and bank overdrafts at beginning of period	186	148	142	142	197
Cash, cash equivalents and bank overdrafts at end of period	**148**	**142**	**197**	**132**	**219**

(€ in millions)	As adjusted[(a)] for the financial year ended June 30, 2016	2017	2018	As adjusted[(a)] for the six months ended December 31, 2017	2018
Cash flows from operating activities					
Cash generated from operations	473	473	467	199	203
Interest paid	(133)	(105)	(92)	(46)	(44)
Income tax refund/(paid)	(18)	7	(15)	(4)	(6)
Net cash generated from operating activities	322	375	360	149	153
Cash flows from investing activities					
Acquisition of subsidiary undertaking, net of cash acquired	(22)	—	—	—	—
Purchase of property, plant and equipment ("PPE")	(227)	(273)	(255)	(139)	(107)
Purchase of intangible assets	(66)	(42)	(66)	(34)	(9)
Proceeds from sale of PPE	9	16	3	—	—
Restricted cash	(1)	(8)	13	13	(18)
Loans advanced to holding company	—	—	1	—	—
Net cash used in investing activities	(307)	(307)	(304)	(160)	(134)
Cash flows from financing activities					
Dividends paid to equity shareholders	(1)	(1)	(1)	(1)	—
Capital contribution from equity shareholders	—	—	3	—	—
Proceeds from loan borrowings	2,367	1,115	—	—	—
Repayment on borrowings	(2,498)	(1,061)	—	—	—
Repayment of discount on borrowings	(37)	(317)	—	—	—
Proceeds from issuance of 4.5% Senior Secured Notes	500	200	—	—	—
Premium on issuance of 4.5% Senior Secured Notes	—	3	—	—	—
Repayment of 9.25% Senior Secured Notes	(350)	—	—	—	—
Cost on redemption of 9.25% Senior Secured Notes	(16)	—	—	—	—
Debt issue costs paid	(9)	(3)	—	—	—
Fees paid in respect of Revolving Credit Facility	(3)	(1)	—	—	—
Debt modification fees paid	(4)	(12)	—	—	—
Debt related fees paid in respect of transactions	—	—	(2)	—	—
Net cash used in financing activities	(51)	(77)	—	(1)	—
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(36)**	**(9)**	**56**	**(12)**	**19**
Cash, cash equivalents and bank overdrafts at beginning of financial year	192	156	147	147	203
Cash, cash equivalents and bank overdrafts at end of financial year	**156**	**147**	**203**	**135**	**222**

(a) The as adjusted numbers reflect Tetra's results of operations accounted for based on the proportionate consolidation method of accounting rather than the equity method of accounting as required under IFRS 11.

Net cash generated from operating activities

Net cash generated from operating activities increased by 1% from €148 million for the six months ended December 31, 2017 to €149 million for the six months ended December 31, 2018. On an adjusted basis (account for Tetra's results on a proportionate basis), net cash generated from operating activities increased by 3% from €149 million for the six months ended December 31, 2017 to €153 million for the six months ended December 31, 2018. The increase is due to higher operating profits offset by higher voluntary leaving payments in the period.

Net cash generated from operating activities decreased by 5% from €367 million for the financial year ended June 30, 2017 to €350 million for the financial year ended June 30, 2018. On an adjusted basis (account for Tetra's results on a proportionate basis), net cash generated from operating activities decreased by 4% from €375 million for the year ended June 30, 2017 to €360 million for the year ended June 30, 2018. The decrease is mainly due to higher tax payments of €22 million, higher restructuring payments (incentivized exits) of €6 million (from €26 million in the prior financial year to €32 million for the financial year ended June 30, 2018) offset by lower interest payments of €13 million as a result of the various prepayments and refinancing transactions that took place for the financial year ended June 30, 2017.

Net cash generated from operating activities increased by €56 million from €311 million for the financial year ended June 30, 2016 to €367 million for the financial year ended June 30, 2017. On an adjusted basis (account for Tetra's results on a proportionate basis), net cash generated from operating activities increased by €53 million from €322 million for the financial year ended June 30, 2016 to €375 million for the financial year ended June 30, 2017. The increase is due to lower interest payments of €28 million as a result of the various prepayments and refinancing transactions during the year and lower tax payments and a €7 million refund in the year compared to €18 million tax payments in the prior financial year. The increase also reflects higher Adjusted EBITDA (which increased by €20 million from €500 million (including storm costs) in the prior year to €520 million for the financial year ended June 30, 2017) offset by higher restructuring (incentivized exits) of €18 million and provision payments of €7 for the financial year ended June 30, 2017.

Cash flows from investing activities

Total cash used in investing activities was €134 million for the six months ended December 31, 2018, a decrease of €26 million compared with €160 million for the six months ended December 31, 2017. The decrease was due to lower capital expenditure payments in the period compared to the prior year offset by higher outflows on restricted cash deposits

Total cash used in investing activities decreased by €3 million from €307 million for the year ended June 30, 2017 to €304 million for the year ended June 30, 2018. For the financial year ended June 30, 2018, we made payments for capital expenditure (cash) of €321 million, an increase of €6 million compared to capital expenditure (cash) of €315 million for the financial year ended June 30, 2017. The capital expenditure payments, which are higher than the prior year, show our continued commitment to invest in key projects in order to facilitate the transformation of our business.

In addition, for the financial year ended June 30, 2018, we sold a number of properties, and after allowance for certain costs relating to the disposals, received net proceeds of €3 million. We also had cash inflows in respect of restricted cash deposits of €13 million in the year, mainly relating to the spectrum license deposits of €12 million paid to ComReg in the previous year.

Total cash used in investing activities was €307 million for the year ended June 30, 2017, as well as for the year ended June 30, 2016. For the financial year ended June 30, 2017, we made payments for capital expenditure (cash) of €315 million, an increase of €22 million compared to capital expenditure (cash) of €293 million for the financial year ended June 30, 2016. The capital expenditure payments, which are higher than the prior year, show our continued commitment to invest in key projects in order to facilitate the transformation of our business.

In addition, for the financial year ended June 30, 2017, we sold a number of properties, and after allowance for certain costs relating to the disposals, received net proceeds of €16 million. We also had cash outflows in respect of restricted cash deposits of €8 million in the year, we paid €12 million deposit to ComReg and received €4 million in refunds from ComReg in relation to the USO and 3G performance bond.

On April 1, 2016, the group acquired 100% of Setanta Sports Channel Ireland Limited and paid an upfront purchase consideration in cash of €22 million to the owners of the company.

In addition, for the financial year ended June 30, 2016, capital expenditure payments of €293 million show our continued commitment to invest in key strategic projects. We also sold a number of properties, and after allowance for certain costs relating to the disposals, received net proceeds of €9 million for the financial year ended June 30, 2016.

Cash flows from financing activities

For the six months ended December 31, 2017, we made a dividend payment of €1 million to our equity shareholders.

For the financial year ended June 30, 2018, we received a €3 million capital contribution from our equity shareholders and paid €2 million in debt related fees in respect of the transaction offer by NJJ to acquire a major stake in the eir group.

In April 2017, we entered into a new €1.6 billion Senior Facilities Agreement and repaid the indebtedness outstanding under the 2017 Senior Facilities with the proceeds therefrom and €11 million drawn from our existing cash reserves. The refinancing was effected by way of drawdown of €1,115 million in new money commitments, and an exchange of €485 million with lenders under the existing facility at par. Debt issue costs of €3 million on the 4.5% Senior Secured Notes and debt modification fees of €12 million on the 2017 Senior Facilities borrowings were paid in the period in relation to the various refinancing transactions.

In October 2016, we used our existing cash reserves to repay €51 million of borrowings under facility B4 of the Original Senior Facilities Agreement and also agreed amendments to the terms of the Original Senior Facilities Agreement, which resulted in the total outstanding borrowings being transferred to the 2017 Senior Facilities.

In August 2016, eircom Finance DAC issued €200 million additional 4.5% Senior Secured Notes at an offering price of 101.5%. The €200 million issuance, for which cash proceeds of €203 million were received before deduction of transaction costs, was structured as a tap issue of the €500 million Senior Secured Notes issued in June 2016. We used the proceeds of the tap issue to repay €201 million of the pre-existing borrowings under facility B3 of the Original Senior Facilities Agreement in the period.

For the financial year ended June 30, 2016, eircom Finance DAC issued €500 million aggregate principal amount of 4.5% Senior Secured Notes and used part of the proceeds to redeem the existing €350 million 9.25% Senior Secured Notes. The excess proceeds from the €500 million 4.5% Senior Secured Notes, along with cash on hand, were used to redeem the €159 million of outstanding facility B2 borrowings under the Original Senior Facilities Agreement. Costs of €16 million in relation to the redemption of the 9.25% Senior Secured Notes were paid for in the financial year ended June 30, 2016. Debt issue costs of €9 million on the 4.5% Senior Secured Notes and fees of €3 million in relation to the Revolving Credit Facility, which we entered into during 2016, were also paid for in the financial year ended June 30, 2016. In addition, we made repayments of €9 million in relation to our share of Tetra borrowings and these have now been paid in full. Also transaction costs of €4 million were paid in the year in relation to the previous year's amend and extend transaction in respect of our facility B borrowings.

Capital resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, other commitments, contractual obligations and acquisitions. Our primary sources of liquidity have been and will be cash flow generation from our operations and permitted borrowings, including the Revolving Facility and the issuances of debt securities, as well as the potential sale of non-core assets. We believe that we have sufficient liquidity to meet the cash requirements of our business operations.

Contractual obligations and commitments

The following table sets out our contractual obligations and commitments (excluding interest) as they fall due for payment:

(€ in millions)	Within 1 Year	Between 1 & 2 Years	Between 2 & 5 Years	After 5 Years	Total (1)
As of June 30, 2018					
Facility B6	—	—	—	1,600	1,600
2022 Notes	—	—	700	—	700
Operating leases	38	47	40	171	296
Capital commitments	20	—	—	—	20
Total	**58**	**47**	**740**	**1,771**	**2,616**

(1) The funding requirements in respect of our defined benefit pension schemes are not included in the table above.

The aggregate gross proceeds from the Offering and the drawing under Facility B7 will be €850 million, which we intend to use, among other things, to repay and redeem in full the 2022 Notes. The Notes offered hereby will mature in 2026 and Facility B7 will have a final maturity date of seven years from the date of utilization of such facility.

Capital Expenditures and Investments

The following table shows our capital expenditures defined as additions of property, plant and equipment and intangible assets for the periods indicated.

(€ in millions)	For the financial year ended June 30, 2016	2017	2018	For the six months ended December 31, 2017	2018
Property, plant and equipment	214	264	261	143	109
Intangible assets	71	34	57	31	7
Total capital expenditure	**285**	**298**	**318**	**174**	**116**

The following table shows our capital expenditure split by growth and maintenance:

(€ in millions)	For the financial year ended June 30, 2016	2017	2018	For the six months ended December 31, 2017	2018
Growth capital expenditure	119	132	170	93	78
Maintenance capital expenditure	166	166	148	81	38
Total capital expenditure	**285**	**298**	**318**	**174**	**116**

Growth capital expenditure includes our major capital investment to roll-out our nationwide fibre network, upgrade our mobile network, and develop our new IT stack.

For the six months ended December 31, 2018, our (accrued) capital expenditures amounted to €116 million, which related primarily to expenditures on our network as well as IT. Of the total capital expenditures, €109 million related to network, plant and equipment and €7 million to IT intangible assets.

For the six months ended December 31, 2017, our (accrued) capital expenditures amounted to €174 million, which related primarily to expenditures on our network as well as IT. Of the total capital expenditures, €143 million related to network, plant and equipment, €19 million to IT intangible assets and €12 million related to spectrum licenses.

For the financial year ended June 30, 2018, our (accrued) capital expenditures amounted to €318 million, which related primarily to expenditures on our network as well as IT. Of the total capital expenditures, €261 million related to network property, plant and equipment and €45 million to IT intangible assets and €12 million related to spectrum licenses.

For the financial year ended June 30, 2017, our (accrued) capital expenditures amounted to €298 million, which related primarily to expenditures on our network as well as IT. Of the total capital expenditures, €264 million related to property, plant and equipment and €34 million to intangible assets.

For the financial year ended June 30, 2016, our (accrued) capital expenditures amounted to €285 million, which related primarily to expenditures on our network and on IT. Of the total capital expenditures during this period represented, €214 million related to network, plant and equipment, €56 million to IT intangible assets and €15 million to TV content rights. We did not acquire spectrum licenses in the financial year ended June 30, 2016.

We estimate our capital expenditures for the period between July 1, 2018 and June 30, 2019 to be in the range of between 21% and 23% of our revenues for that period.

As we complete our FTTH roll-out, we expect future associated network maintenance cost and capital expenditure requirements to be meaningfully lower compared to traditional legacy copper networks.

Off-Balance Sheet Arrangements

As of December 31, 2018, we had no off-balance sheet arrangements.

Contingent Liabilities

We are subject to a number of lawsuits, claims and disputes with third parties, including with regulatory and taxation authorities, which give rise to contingent obligations. For a description of certain of these matters, see "*Business—Litigation.*"

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate and exchange rate risk. Our treasury department is responsible for managing exposure to market risk that arises in connection with operations and financial activities, including interest rate and foreign currency exchange rate.

The following sections discuss our significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business.

Interest rate risk management

We are exposed to market risks as a result of changes in interest rates. Financial liabilities issued at floating rates, such as those under our Senior Facilities, expose us to cash-flow interest rate risk, while fixed rate financial liabilities expose us to fair value interest rate risk.

We manage our net exposure to interest rate risk through the proposition of fixed rate financial debt and variable rate financial debt in our total financial debt portfolio. To manage this mix, in November 2014, we entered into two forward starting interest rate swaps with a notional principal amount of €1.2 billion for a period of three years from June 11, 2015. In April 2017, we entered into three forward starting interest rate swaps with a total notional principal amount of €650 million for a period of two years from June 11, 2018. These swaps replaced the previous three year swaps which expired on June 11, 2018.

Foreign exchange rate risk management

We operate mainly in the currency of the primary jurisdiction in which we operate, the euro. Our exposure to currency risk has therefore been limited.

As much as possible, we use foreign currency inflows for our foreign currency outflows. If necessary, we buy foreign currency shortly before the transaction. If any material exposure arises, we may enter into foreign exchange rate hedging instruments in the ordinary course of business and not for speculative purposes.

Critical Accounting Estimates

The preparation of our financial statements requires our management to make assumptions that affect the reported amount of assets and liabilities at the date of our balance sheet and the reported amounts of revenue and expenses during the fiscal period. Estimates and judgments used in the determination of reported results are continuously evaluated.

Estimates and judgements are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies and a description of our use of estimates and judgments are disclosed in the notes to our consolidated financial statements as of and for the financial year ended June 30, 2018 included elsewhere in this offering memorandum (see Note 5 to the financial statements for the year ended June 30, 2018 for a summary).

The market information presented in this section is taken or derived from the cited sources. Forecasts of market data are inherently forward-looking and all market data are subject to uncertainty and do not necessarily reflect actual market conditions. They are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on internal information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as "we estimate," "we expect," "we believe," or "in our view" and as such do not purport to cite to or summarize any third-party or independent source and should not be so read.

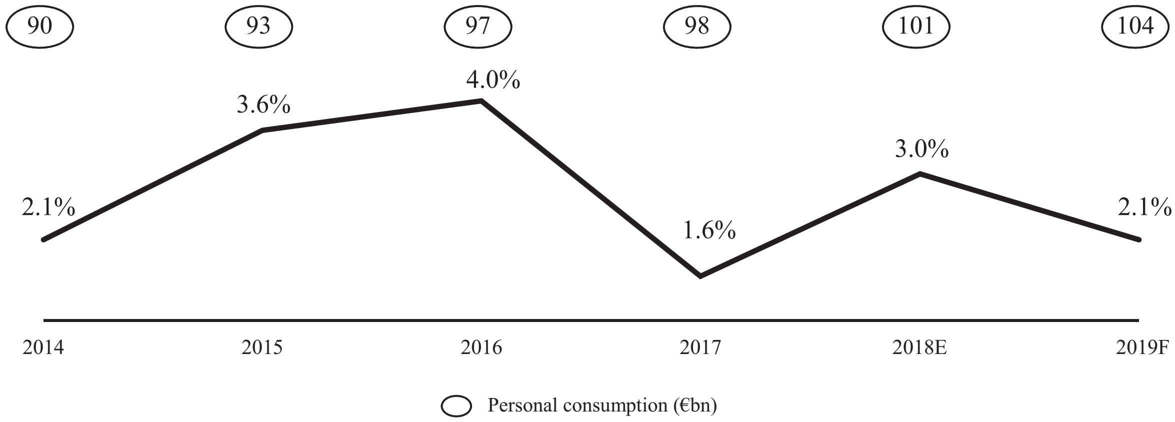
Macroeconomic overview

We operate predominantly in Ireland, which had the fastest growing economy in the European Union at 6.7% GDP growth in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average for EU-28 (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency).

The Irish personal consumption has continued to grow steadily over the last five years as shown in the table below:

Ireland Personal Consumption Growth

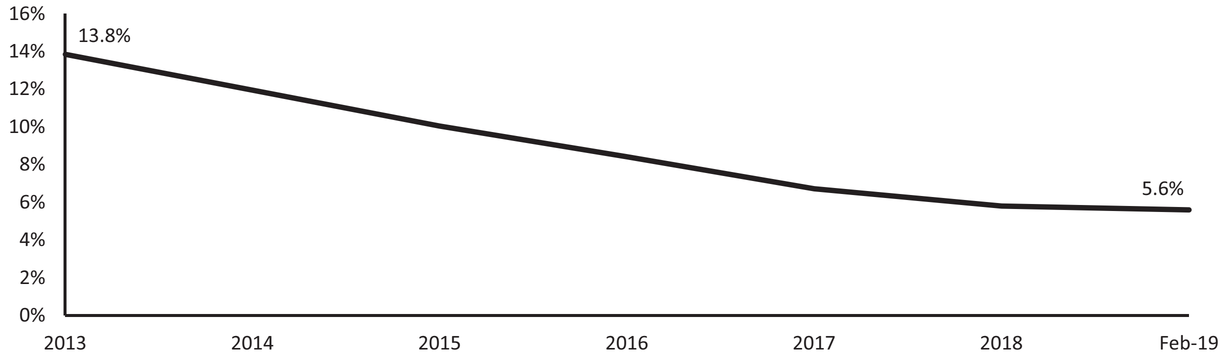
Personal Consumption growth



Sources: Ireland Central Statistics Office, Central Bank of Ireland

Irish unemployment has shown significant improvement, having declined from 13.8% in 2013 to 5.6% in 2019 (*Source:* Eurostat). This compares with unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK and 6.5% average for the EU-28 (*Source:* Eurostat).

Ireland Unemployment Rate



Source: Eurostat

Overview of Irish telecommunications market

Since its full opening to competition in December 1998, the telecommunications market in Ireland has evolved significantly in terms of products offered, network technologies used and market structures. Prior to liberalization, Bord Telecom Éireann, our predecessor and the incumbent operator, held a virtual monopoly in the fixed market; a small number of operators competed with our retail voice services or data services using leased lines, or offered deregulated value added data services. Following liberalization, there has been growth in the number of customers using services at least partially provided on competitors' alternative fixed and mobile networks. There has also been an ongoing shift in the mix of telecommunications services used by customers: fixed voice services are in decline, while data usage and bandwidth consumption have been increasing rapidly and this trend is driving the adoption of fiber-based fixed line services. Furthermore, telecommunications services are increasingly sold in bundles with convergence in the residential market between voice and data communications as well as TV services. As such, our main competitors today include Vodafone, Virgin Media, Sky Ireland, Three Group ("Three") and BT (*Source:* ComReg 19/22).

Moreover, ComReg reported that the Irish telecommunications market, which includes fixed line, mobile and broadcasting (including cable) sectors, accounted for an estimated €3.5 billion in retail revenues for the twelve month period ended December 31, 2018 (*Source:* ComReg 19/22). Of this, 44.6% was attributable to mobile, 39.4% to fixed line and 16.0% to the broadcasting (including cable) sector (*Source:* ComReg 19/22; the ComReg figures for broadcasting revenues do not include license fee and/or television advertising revenues).

Retail revenues in the industry for the quarter ended December 31, 2018 were an estimated €0.89 billion, representing an increase of 2.0% compared to the quarter ended December 31, 2017, driven mainly by growth in fixed line revenues of 1.6% (*Source:* ComReg 19/22).

The markets for television and telecommunications have been converging over the years as customers look to purchase these services from a single provider. This helped develop a market for multi-play offerings, whereby fixed line voice, mobile, broadband and/or television services are bundled into integrated offerings. In the quarter ended December 2018, 48.2% of fixed market retail subscriptions were single play compared to 49.8% in the quarter ended December 2017; 28.1% of subscriptions were double play (a bundle of two services) compared to 28.6% in December 2017; 23.8% were triple and higher play (a bundle of three or more services) compared to 21.7% in December 2017 (*Source:* ComReg 16/17, ComReg 19/22). Our triple- and higher-play bundle penetration of 31% as of December 31, 2018 compares with triple- and higher-play bundle penetration of approximately 36% in the UK (*Source:* Ofcom) and Spain, where 76% of postpay mobile subscriptions were bundled in 2017, as were 88% of paid TV (*Source:* the Comision Nacional de los Mercados y la Competencia).

Fixed Line telecommunications market

Providers of fixed line telecommunications services typically derive revenue from the sale to consumers of access to their network, tariffs charged for the carriage of voice and other communications on their network and from data-related services, including Internet and broadband access, and information technology services. They also charge other telecommunications providers regulated rates for access to their network; for example, for the use of interconnect services that permit communication between and across different networks, including between fixed and mobile networks. Our main competitors in the provision of fixed line services include BT, Vodafone, Virgin Media and Sky.

The rate of growth in the Irish fixed line telecommunications market has slowed since 2002, primarily as a result of the contraction in the voice segment of this market. According to ComReg 19/22, the Irish fixed line market increased in size by 1.6% (based on revenues) in the quarter ended December 31, 2018 compared to the quarter ended December 31, 2017. We remain the largest provider in the fixed line telecommunications market, with a reported market share of 46.3% as of December 31, 2018, based on fixed line revenues (*Source:* ComReg 19/22).

Broadband fixed access and Internet

According to ComReg 19/22, the Irish fixed broadband per capita penetration rate as of December 31, 2018, was 29.3%, an increase of 0.3% compared with the quarter ended December 31, 2017. Ireland's household broadband penetration rate, at 88%, was higher than the EU-28 average of 86% and lower than peers such as the UK (95%), the Netherlands (97%) and Germany (90%). Penetration in Ireland has increased by 21 percentage points since 2013 while penetration in the EU-28 has increased by 10 percentage points. With ComReg reporting overall fixed residential broadband subscriptions (i.e. excluding business subscriptions and mobile broadband subscriptions) of 1,272,234 at the end of December 31, 2018, the estimated fixed broadband household penetration rate (assuming there were 1,857,600 households in Ireland using the Central Statistics Office (the "CSO"), December 31, 2018 estimate) was 68.5% as of such date (*Source:* ComReg 19/22).

VDSL broadband accounted for the single largest share of fixed broadband subscriptions with 29.3% at the end of December 31, 2018. VDSL broadband subscribers increased by 1.6% compared to the quarter ended December 31, 2017 (*Source:* ComReg 19/22). DSL subscribers made up 12.9% of fixed broadband subscriptions, representing a decrease of 2.9% compared to the quarter ended December 31, 2017 (*Source:* ComReg 19/22). 46.1% of all VDSL connections and 45.0% of all DSL connections in Ireland leverage eir's fixed network as of December 31, 2018. Cable broadband accounted for 19.2% of all fixed broadband subscriptions as of December 31, 2018, down from 19.7% in the quarter ended December 31, 2017 (*Source:* ComReg 19/22). Other forms of access (FWA, fiber, satellite) accounted for 7.0% of broadband connections as of December 31, 2018 (*Source:* ComReg 19/22). According to ComReg 19/22 and GlobalData Plc.—Pyramid Research, there were 1.4 million VDSL, FTTH, FTTB and cable broadband connections in Ireland as of December 2018, which is expected to grow to 1.8 million in 2023.

The following table summarizes total fixed broadband subscriptions by type for the quarters ended December 31, 2016, December 31, 2017 and December 31, 2018:

Subscription type	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018
DSL	435,253	359,002	295,970
VDSL	498,844	574,768	618,630
Cable	366,699	375,546	372,844
FTTP	7,623	39,612	90,642
Satellite	5,291	4,985	4,552
FWA	46,599	47,443	47,552

Sources: ComReg 19/22, ComReg 18/07, ComReg 16/17

The following table summarizes retail fixed broadband market shares for the quarter ended December 31, 2018:

Operator	As of March 31, 2018	As of June 30, 2018	As of September 30, 2018	As of December 31, 2018
eir	31.4%	31.8%	32.3%	32.5%
Virgin Media	26.5%	26.3%	26.5%	26.4%
Vodafone	19.0%	18.7%	18.3%	18.4%
Sky Ireland	13.3%	13.4%	13.4%	13.3%
OAOs (remaining)	9.8%	9.7%	9.5%	9.4%

Sources: ComReg 18/49, ComReg 18,79, ComReg 18,113, ComReg 19/22

We believe that the following table summarizes retail and wholesale broadband market share by subscription:

Operator	As of March 31, 2018	As of June 30, 2018	As of September 30, 2018	As of December 31, 2018
eir Retail	31.5%	31.9%	32.4%	32.6%
Open eir	36.7%	36.2%	35.4%	35.1%
Virgin Media	26.5%	26.4%	26.5%	26.3%
Other	5.3%	5.5%	5.8%	6.0%

Generally, the evolution of the fixed broadband market has reflected consumer preferences for higher speeds. Accordingly, we have made a significant investment in our fiber-based NGA network, with a target of passing 1.9 million premises (representing more than 80% of Irish premises) by June of 2018 using VDSL and other technologies such as FTTH and, as of the quarter ending December 31, 2018, we had a FTTH roll-out of approximately 307,000, of which 246,000 were rural homes in Ireland. This explains the significant decline in the number of broadband lines utilizing DSL technology, and the simultaneous rise in the number of VDSL lines. Availability of these new, fiber-based fixed broadband solutions underpins the significant growth in VDSL subscriptions seen in the market, with the number of VDSL connections increasing from 574,768 in December 2017 to 618,630 in December 2018 (*Source:* ComReg 18/20, ComReg 19/22). Furthermore, as high-speed fixed broadband networks become more widely available throughout Ireland, consumers who in the past may have only had access to a mobile broadband solution may now avail themselves of a fixed connection. This can explain the reduction in mobile broadband connections between December 2017 (435,192 connections) and December 2018 (298,419 connections) (*Source:* ComReg 18/20, ComReg 19/22).

Competitors have also made investments to cater to consumer preference for higher speed technologies. Vodafone's fiber build out initiative with the Electricity Supply Board through their joint venture company, SIRO, has a stated intention to pass 56 Irish towns in competition with our and Virgin Media's networks. According to their website in March 2019, SIRO has passed 30 towns and over 200,000 premises, and has formed partnerships with 10 operators including Vodafone, Digiweb, Sky, BT, and others. In June 2018, Virgin Media announced the firm is investing in its network to expand its footprint by 100,000 homes, aiming to reach almost a million homes and businesses by 2020.

The National Broadband Plan ("NBP") is a government policy initiative in Ireland that aims to deliver high speed broadband to every citizen and business in Ireland. This is to be achieved through a combination of commercial investment by telecom operators and a proposed State support to provide high speed broadband to those parts of the country where there is no certainty that the commercial sector will invest. The NBP's goal is to ensure minimum broadband service of 30 Mb/s download and 6 Mb/s upload to all 2,350,000 premises in Ireland by 2022. In April 2017, eir signed a commitment agreement with the Department of Communications, Climate Action and the Environment to roll-out high-speed broadband to approximately 300,000 rural premises that were originally included in the NBP intervention area. As a result, such premises were subsequently excluded from the NBP area and the size of the NBP intervention was reduced to approximately 542,000 premises. By June 2019, we expect to have passed an additional 35,000 premises in rural Ireland with FTTH, beyond the committed premises, which we believe will further reduce the intervention area of the NBP.

In September 2017, SIRO formally announced its withdrawal from the tender process for the NBP contract. Similarly, in January 2018, eir formally withdrew from the tender process for the NBP leaving only one remaining bidder and after a series of delays it remains unclear whether an NBP contract will be awarded. If the NBP contract is awarded, the remaining bidder has stated its intention to use our pole and duct infrastructure to support its fiber network, which would result in significant rental income to the Company that would offset potential wholesale revenue losses caused to customer migration to the NBP. Consequently, management do not expect that the NBP would result in a material change to the group's profitability were the NBP to roll out.

Narrowband fixed access

According to ComReg 19/22, there were over 1.31 million direct and indirect PSTN and ISDN access paths in the Irish market in the quarter ended December 31, 2018. Indirect access paths relate to telephone lines provided to customers by means of Carrier Pre-select ("CPS"), WLR or Switchless Voice ("SV"). CPS allows the user to receive all or a portion of calls from one provider and line rental from another provider (usually eir). SB-WLR (also known as Single Billing-WLR) allows the user to receive every aspect of telephone service, including all calls and line rental from one single supplier. SV, also known as White Label Access-Voice Access is a switchless voice service which allows an operator to purchase end-to-end call services without the need to have its own interconnection infrastructure. In the quarter ended December 31, 2018 indirect access accounted for 42.4% of all narrowband access paths in the fixed line market (*Source:* ComReg 19/22). The data indicates that OAOs continue to migrate their customer base to single-bill services, i.e. SB-WLR or WLA rather than CPS only (i.e. a calls only service, excluding line rental). As of December 31, 2018, SB-WLR used by OAOs accounted for 47.2% of indirect access paths compared to 53.7% for the quarter ending December 31, 2017 (*Source:* ComReg 18/20, ComReg 19/22). Additionally, as of December 31, 2018, WLA paths accounted for 51.2% of total indirect access paths compared to 36.5% for the quarter ending December 31, 2016 (*Source:* ComReg 18/20, ComReg 19/22). The share of CPS only indirect access paths has declined by 0.5 percentage points in the last year and for the quarter ended December 31, 2018, accounts for 1.6% of overall indirect access paths (*Source:* ComReg 18/20, ComReg 19/22).

Fixed voice

ComReg 19/22 reported that fixed voice traffic in the quarter ending December 31, 2018 reached approximately 743 million minutes, which represents a decrease of 17.1% from the quarter ending December 31, 2017. The largest proportion of calls in the fixed line market is domestic calls (which includes local and national calls), representing 44.6% of all fixed call line minutes (*Source:* ComReg 19/22). Managed voice over broadband ("VoBB") minutes account for approximately 24.4% of total fixed voice minutes in the quarter ending December 31, 2018, up from 22.0% in the quarter ending December 31, 2017. This reflects a continued increase in managed VoBB subscriptions (*Source:* ComReg 19/22).

The general reduction in demand for fixed voice lines is due to a number of factors, including substitution by mobile and by "over-the-top" products (Whatsapp, Skype, etc.). Overall voice traffic volumes (by minutes) decreased for the quarter ended December 31, 2018 by 3.0% compared to the quarter ended December 31, 2017 (*Source:* ComReg 19/22). Mobile voice traffic was stronger, with an increase of 1.0% for the quarter ended in December 31, 2018 compared to the quarter ended December 31, 2017 (*Source:* ComReg 19/22).

Mobile telecommunications market

Mobile telecommunications services have been available in Ireland since 1985 and there are currently three MNOs in Ireland: eir, Three, and Vodafone. There are also a number of MVNOs currently active in the market, including Tesco Mobile and Virgin Media.

In 2014, the European Commission cleared the acquisition of O2 Telefonica Ireland by Three, subject to certain conditions. First, Three was required to offer a package aimed at ensuring the short-term entry of two MNVOs (one of which, iD Mobile, ceased trading in 2018), with an option for one of them to become a full mobile network operator by acquiring spectrum at a later stage. To accomplish this, Three committed to offer wholesale network access under a fixed capacity "take or pay" pricing model. This means that an MVNO pays a fixed fee for a pre-determined amount of capacity, measured in terms of bandwidth. This ensures that the MVNO entrants obtain a dedicated "pipe" from the merged entity's network for each of voice and data traffic and would be incentivized to fill this "pipe" by introducing aggressively priced offers into the marketplace. Three also granted an option allowing one of the new MVNOs to purchase five blocks of spectrum across the 900 MHz, 1800 MHz and 2100 MHz bands to enable such MVNO to become a full mobile network operator at a later stage. The option for one of these MVNOs to acquire this spectrum will be valid for ten years, starting from January 1, 2016. Secondly, Three offered a package aimed at ensuring that eir remains a competitive mobile network operator in Ireland. Three committed to offer to continue their pre-existing network sharing agreement with eir on improved terms. Given the importance of network sharing in Ireland, this will help to secure eir's ability to achieve its roll-out plans and help to ensure that eir will remain an effective and viable competitor.

ComReg 19/22 reported overall mobile subscriptions of 6.28 million at the end of December 31, 2018 representing an increase of 4.3% since December 31, 2017. The penetration of mobile subscriptions, calculated based on the number of active SIM cards per 100 of the population, including mobile broadband and M2M at the end of December 31, 2018 was 128.6%, and 101.7% excluding mobile broadband and M2M (*Source:* ComReg 19/22).

According to data published by ComReg 19/22, the Irish mobile market by revenues as of December 31, 2018, increased in size by 0.9% compared to December 31, 2017, mainly due to increases in data and voice revenues. In terms of subscribers, the total mobile market increased by 4.3% compared to December 31, 2017.

According to ComReg 19/22, in the quarter ended December 31, 2018, Irish mobile operators' ARPU was estimated at €25.32 per month, a decrease of 0.8% from €25.51 per month in the quarter ended December 31, 2017. Mobile users pay for their mobile service by either purchasing prepaid credit, or by receiving a monthly bill from their mobile operator, which is a postpaid payment option. At the end of December 31, 2018, 47.9% of mobile subscriptions were postpaid (*Source:* ComReg 19/22) and, according to Ovum, this is expected to grow to 50.3% in 2023. According to GlobalData Plc.—Pyramid Research, the postpaid share of the total estimated 2018 mobile subscriptions (excluding M2M) in Ireland is 42% compared to European countries such as Germany (53%), France (73%) and Spain (72%) as of December 2018.

According to ComReg 19/22, eir's mobile market share (including mobile broadband and M2M) for the quarter ended December 31, 2018, in terms of subscribers and revenues, respectively, was 16.6% and 18.5%, a slight decrease from 17.5% and 19.2% for the quarter ended December 31, 2017.

Spectrum

The table below presents certain key spectrum data with respect to the frequency licenses of Irish mobile operators. On May 22, 2017, ComReg published the results of 3.6 GHz Band Spectrum Award. Through this action eir secured 165 MHz of spectrum availably for 5G deployment.

		Three***	**Vodafone**	**eir**	**Imagine**	**Airspan**
800 MHz*	Spectrum available	2x10 MHz	2x10 MHz	2x10 MHz	—	—
	Valid until	2030	2030	2030	—	—
900 MHz*	Spectrum available	2x5 MHz and 2x10 MHz	2x10 MHz	2x10 MHz	—	—
	Valid until	2030	2030	2030	—	—
1800 MHz*	Spectrum available	2x20 MHz and 2x15 MHz	2x25 MHz	2x15 MHz	—	—
	Valid until	2030	2030	2030	—	—
2100 MHz**	Spectrum available	2x15 MHz, 2x15 MHz and 1x5 MHz unpaired	2x15 MHz	2x15 MHz	—	—
	Valid until	2022	2022	2027	—	—
3600 MHz	Spectrum available	National: 100MHz	Urban: 105MHz Rural: 85MHz	Urban: 85MHz Rural: 80MHz	Rural: 60MHz	Urban: 85MHz Rural: 80MHz
	Valid until	2032	2032	2032	2032	2032

* —Licensed for all technologies permitted under the EC Decisions on 800 MHz, 900 MHz and 1800 MHz basis.

** —Licensed for 3G/IMT-2000 systems (and potentially LTE in the future—consultation underway).

*** —Three granted an option allowing one of the new MVNOs to purchase five blocks of spectrum across the 900 MHz, 1800 MHz and 2100 MHz bands to enable such MVNO to become a full mobile network operator at a later stage. The spectrum will be available for ten years, starting from January 1, 2016.

Mobile termination rates

According to data published by BEREC, as of July 2018, Ireland had MTRs of €0.0079/minute, versus an EU-28 average of €0.008342 per minute.

The Irish television market

According to ComReg 19/22, there were 1,653,000 TV homes in Ireland as of January 2019, representing a penetration of 88.5% of all Irish homes. According to Ovum, pay-TV household penetration was estimated at 62% in December 31, 2018, of which satellite represented the most widely adopted broadcasting medium, attracting 44% of total TV households, followed by cable with a 17% share and IPTV with a 5% share. According to the same source, total spend in pay-TV market was €0.6 billion in 2017, with the main providers of subscription television services being Virgin Media and Sky.

Satellite

Satellite TV is offered by Sky, which launched service in 1989 and is estimated by Ovum to have had 669,654 connections as of 2018. Sky currently offers a mixture of free-to-air and subscription multichannel pay-TV services. In addition, Freesat, a UK joint venture between the BBC and ITV, offers free-to-air channels over satellite which can be received in Ireland under the brand name of Sat4Free.

Cable

Cable is offered by Virgin Media (formerly UPC), which launched service in 1990 and had 271,100 subscribers as of December 31, 2018, of which 266,600 are digital. Virgin Media's digital footprint covers more than 923,000 homes and provides television, broadband Internet and fixed voice services to much of this footprint (*Source:* Virgin Media Q4 2018 Results). Virgin Media acquired the assets of NTL Ireland in 2005, which completed its network footprint in all of the country's major provinces.

IPTV

As a result of technological improvements, broadband is increasingly being used for the distribution of IPTV and VoBB services. As of January, 2019, there were approximately 89,000 homes in Ireland using IPTV services according to ComReg 19/22. We are the largest provider of IPTV services in Ireland, having launched in October 2013, with approximately 80,000 subscribers as of December 31, 2018. We were the first quad-play provider of fixed voice, data, mobile and TV services in Ireland.

Competition

Fixed

ComReg 19/22 reported that for the quarter ended December 31, 2018, eir was the leading provider of fixed line (wholesale and retail) with 46.3% of revenue, followed by BT, Virgin Media, Vodafone, Sky and OAOs as shown below. This represents a 0.8% decrease in revenue market share from 47.1% for the quarter ended December 31, 2017.

Total Fixed Line (Wholesale and Retail) Revenue Market Share (as of December 31, 2018)

Operator	Market Share
eir	46.3%
BT	10.3%
Virgin Media	12.2%
Vodafone	9.3%
Sky Ireland	4.7%
OAOs (remaining)	17.2%

Source: ComReg 19/22

With respect to the retail fixed broadband market, ComReg 19/22 reported that as of December 31, 2018, eir was the market leader.

Retail Fixed Broadband Subscriber Market Share (as of December 31, 2018)

Operator	Market Share
eir	32.5%
Virgin Media	26.4%
Vodafone	18.4%
Sky Ireland	13.3%
OAOs (remaining)	9.4%

Source: ComReg 19/22

Mobile

ComReg 19/22 reported that, as of December 31, 2018, Vodafone had the largest number of mobile subscriptions (including mobile broadband and M2M) with 38.9% of market share, followed by Three, eir and Tesco Mobile.

Total Mobile (Including Mobile Broadband and M2M) Subscriber Market Share (as of December 31, 2018)

Operator	Market Share
Vodafone	38.9%
Three	35.1%
eir	16.6%
Tesco Mobile	6.5%

Source: ComReg 19/22

eir's share of total subscribers' market share declined by 0.9% from 17.5% as of December 31, 2017, to 16.6% as of December 31, 2018 (*Source:* ComReg 19/22). Excluding mobile broadband and M2M, eir's market share in terms of total subscriptions was also third highest for the quarter ending December 31, 2018.

Total Mobile (Excluding Mobile Broadband and M2M) Subscriber Market Share (as of December 31, 2018)

Operator	Market Share
Vodafone	36.1%
Three	32.2%
eir	19.8%
Tesco Mobile	8.1%

Source: ComReg 19/22

ComReg 19/22 also reported that, as of December 31, 2018, Vodafone had the highest share of mobile broadband total subscriptions followed by Three and eir.

Total Mobile Broadband Subscriber Market Share (as of December 31, 2018)

Operator	Market Share
Vodafone	46.3%
Three	40.4%
eir	13.1%

Source: ComReg 19/22

Pay-TV

According to ComReg 19/22, as of December 31, 2018, there were 1,374,000 cable and satellite serviced TV homes. As of January 2019, 21% of the total TV homes in Ireland had satellite services from providers other than Sky (*Source:* ComReg 19/22). As of December 2018, Sky was the market leader with 66.3% of subscribers (*Source:* Ovum).

Total Pay-TV Subscriber Market Share (as of December 31, 2018)

Operator	Market Share
Sky	66.3%
Virgin Media	26.0%
eir	7.7%

Source: Ovum

BUSINESS

Overview

We are the sole telecommunications provider in Ireland that offers quad-play bundles on its integrated network, and we offer a range of retail and wholesale services. We are the principal provider of fixed line telecommunications and the third largest mobile telecommunications provider in Ireland.

Our fixed line division provides high-speed broadband, voice and data services to individual consumers, business users and to wholesale customers. The fixed line division contributed 78% of our revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach. Our revenue market share of the total fixed line Irish market was 46.3% for the quarter ended December 31, 2018. Our mobile division provides standalone mobile services to consumer and business customers and is also included as part of our bundled offerings. The mobile business contributed 27% of our total revenue (before inter-segment eliminations) for the twelve months ended December 31, 2018. Revenue for the twelve months ended December 31, 2018 was €1,266 million and Adjusted EBITDA was €560 million.

A core element of our strategy is bundles, which offer customers the convenience of receiving high-speed broadband, TV (including exclusive sport content), telephony and mobile services from a single provider, at an attractive price and on one bill. In 2012, we launched our fixed/mobile convergence ("FMC") bundle, providing customers with bundled fixed voice and broadband products and also mobile offerings. We commercially launched eir Vision, our IPTV service over our fiber network, in 2014, becoming at the time the first quad-play provider of fixed voice, broadband, mobile and TV services in Ireland. We continue to evolve our TV proposition which now includes video on demand, TV everywhere and additional sports content through the acquisition of Setanta Sports Ireland, which was re-branded as eir Sport in July 2016.

We are focused on convergence and long-term customer lifetime value, and our strategy is to connect everyone and everything in Ireland, whether by high-speed broadband, voice, mobile data or enterprise datacomms. This strategy is underpinned by a major program of capital expenditure which has facilitated the transformation of our business. Between June 30, 2012 and December 31, 2018, we spent €2 billion on capital expenditure, which includes the roll-out of our Next-Generation Access ("NGA") fiber network, the roll-out of our 4G network and improvements on 3G coverage and capability, as well as investments in spectrum. We were the first operator in Ireland to roll-out 4G services and our fiber network now passes over 1.9 million homes and businesses in Ireland. Our vision for our customers is a converged future with seamless access to fixed and mobile services and the launch of our voice over wi-fi ("VoWiFi"), the first in the Irish market, and voice over broadband ("VoBB") is a testament to that. We also expect in due course to introduce voice over long-term evolution ("VoLTE") services.

We have announced an additional discretionary €500 million investment plan over five years to roll-out fiber to the home ("FTTH") to a further 1.4 million premises across urban and suburban Ireland, which is expected to commence in July 2019, as well as a €150 million mobile network investment to update and expand our mobile network with a view to increasing significantly our high-speed mobile data capabilities and expanding 4G coverage to 99% of the outdoor geography of Ireland.

We generate virtually all of our revenue in Ireland where substantially all of our reported subscribers and customers are located. Demand for our products and services, including the penetration of high-speed broadband and TV bundles, ARPU and the number of subscribers, is influenced by a number of factors, including the strength of the Irish economy. Ireland had the fastest growing economy in the European Union at 6.7% GDP growth in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average across the 28 member states of the European Union ("EU-28") (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency). In terms of the overall Irish telecommunications market, total market revenue (including retail and wholesale revenue but excluding satellite pay-TV) was €3.5 billion for the twelve months ended December 31, 2018 (*Source:* ComReg).

Fixed line services

We are the largest provider of fixed line telecommunications services in Ireland, offering broadband, voice, TV, datacomms and managed services to individual consumers and business users under the eir brand. We also offer other authorized operators ("OAOs") a range of wholesale services including high-speed broadband, voice and managed services under our open eir brand. According to quarterly data published by ComReg (*Source:* ComReg 19/22), we had a market share for the quarter ended December 31, 2018 of 46.3% of the Irish retail and wholesale fixed line market, based on revenue. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach, and other network operators therefore rely heavily on our infrastructure. We are also the leading provider of broadband services in Ireland with 465,000 retail and 471,000 wholesale customers as of December 31, 2018, and an overall market share of 68% of fixed broadband as of December 31, 2018. As of December 31, 2018, we had approximately 1,331,000 access paths in service (including standalone broadband ("SABB") and wholesale Local Loop Unbundling ("LLU")).

Revenue (before inter-segment eliminations) from our fixed line services was €959 million for the twelve months ended December 31, 2018. Adjusted EBITDA from our fixed line services was €464 million for the twelve months ended December 31, 2018.

Mobile services

We are the third largest mobile operator in Ireland in terms of revenue and customers. Our Mobile division is comprised of both consumer and eir business mobile. According to data published by ComReg for the quarter ended December 31, 2018, we had an overall mobile market share of 16.6% based on the number of subscribers, including mobile broadband, and 18.5% mobile market share based on revenue, a market principally comprised of three large players: Vodafone Ireland Ltd ("Vodafone"), Three Ireland (Hutchinson) Limited ("Three") and eir. Our mobile handset market share as of December 31, 2018 was 19.8% according to data published by ComReg. Our strategy is to maximize customer lifetime value within the mobile business whether through standalone propositions or bundling with fixed line services. We have invested heavily in the network and, in 2013, we became the first mobile operator to launch 4G services in Ireland.

As of December 31, 2018, 53% of our customer base was in postpay contracts and the remainder in prepay contracts. Revenue (before inter-segment eliminations) for our mobile division for the twelve months ended December 31, 2018 was €340 million. Adjusted EBITDA of the mobile division was €95 million for the twelve months ended December 31, 2018. Adjusted EBITDA margin of the mobile division was 28% for the twelve months ended December 31, 2018.

Our Strengths

A strong Irish macroeconomic environment supports an attractive telecommunications market with high regulatory visibility

We operate in Ireland, a country with strong macroeconomic growth drivers and an attractive telecommunications market. We believe eir is well-positioned to benefit from the positive trends in this market.

With a growing population of approximately 4.8 million as of March 2019, a 3.3% increase since 2015, Ireland is a developed market economy with nominal GDP per capita in 2017 of €61,200 compared to €39,600 for Germany, €34,300 for France and €35,400 for the UK (*Source:* Eurostat). Ireland had the fastest growing economy in the European Union at 6.7% in 2018, which compares to 1.4% for Germany, 1.5% for France and 1.4% for the UK (*Source:* Eurostat). Irish unemployment has shown significant improvement, having declined from 15.5% in 2012 to 5.6% in 2019 (*Source:* Eurostat). This compares to unemployment rates in 2019 of 3.1% in Germany, 8.8% in France, 3.8% (2018) in the UK, and a 6.5% average for EU-28 (*Source:* Eurostat). Furthermore, 10-year Irish sovereign bond yields have fallen to all-time lows of approximately 1% versus approximately 10% eight years ago (*Source:* Euronext Dublin website), reflecting the continued stability of the Irish economy. Ireland also benefits from having a young population relative to other Western European countries with a median age of 37 years compared to 47 years for Germany, 42 years for France, 41 years for the UK, and 43 years for EU-28 (*Source:* Central Intelligence Agency).

The Irish telecommunications market, which includes fixed line, mobile and broadcasting (including cable) sectors, accounted for an estimated €3.5 billion in retail revenues for the twelve months ended December 31, 2018 (*Source:* ComReg 19/22). The retail fixed broadband market is comprised of four main competitors: eir, Vodafone, Virgin Media, and Sky Ireland, with an additional group of other smaller operators. Of the main operators, we have the leading market share at 32.5% as of December 31, 2018 (*Source:* ComReg 19/22). Furthermore, we have unmatched fiber infrastructure covering 79% of Irish premises. At 68.5% for 2018, fixed broadband household penetration in Ireland (*Source:* ComReg 19/22) is lower than in the majority of other Western European countries, estimated at 88% in the UK, 82% in France and 71% in Germany for 2018 (*Source:* GlobalData Plc.—Pyramid Research), and we therefore continue to see an opportunity for growth in this area. The mobile market currently has three mobile network operators ("MNOs"): eir, Three and Vodafone. There are also a number of Mobile Virtual Network Operators ("MVNOs") currently active in the market, which together account for less than 10% of market share. We had a revenue market share (including mobile broadband and Machine to Machine ("M2M")) of 18.5% for the quarter ended December 31, 2018 (*Source:* ComReg 19/22). Data usage and bandwidth consumption have been increasing rapidly, driven by the adoption of fiber-based fixed line services and 4G network infrastructure to deliver high quality fast access to data anytime, anywhere. Moreover, telecommunication services are increasingly sold in bundles with convergence in the residential market between voice and data communication as well as TV services. As a single-country focused operator, we are the only operator in Ireland that wholly owns material infrastructure underlying each of the four services (fixed voice, high speed fixed broadband, mobile and Internet Protocol television ("IPTV")).

The Irish market also offers a supportive regulatory environment with high visibility for continued development of an infrastructure-based telecommunications business, with a focus on promoting investments in infrastructure and leading technologies. Regulation within Ireland is consistent with the EU and the next change expected is the transposition of the EU Communications code by end of 2020. The next market review by ComReg is not expected to take place until 2023. We retain a regular constructive dialogue with ComReg and have recently partnered with it to put an independent oversight board in place over the next five years in charge of overseeing our compliance with its regulatory governance obligations.

We are the leading fully converged quad-play telecom operator focused on Ireland, and the only player with ownership of its fixed and mobile networks

We are a fully converged telecommunications operator, offering a suite of fixed line and mobile services, including high-speed broadband, TV, voice and mobile services, to a diversified group of retail, business and public sector customers. We have successfully rolled out bundled offers over recent years. As of December 31, 2018, over 77% of our customers were on a dual-play or greater bundle, with 31% on triple- or quad-play bundles compared to 72% and 27%, respectively, as of December 31, 2017. This compares well to the wider Irish market for which only 23.8% of retail subscriptions were triple- and quad-play as of December 31, 2018 (*Source:* ComReg 19/22).

We continuously strive to strengthen our bundling and converged strategy. In January 2014, we commercially launched eir Vision, an IPTV service, over our fiber network, which made us the first operator in Ireland to offer quad-play bundles at the time. As of December 31, 2018, we had approximately 80,000 eir Vision subscribers, compared to approximately 74,000 as of December 31, 2017. Our differentiating video content was bolstered with the acquisition of Setanta Sports Ireland, later rebranded "eir Sport" in July 2016. Through this acquisition, we have secured exclusive and attractive sports content including Premier League, Champions League and Europa League football, and have further built on our sports content offerings by adding or extending rights for the Rugby World Cup, Pro-14 Rugby, Gaelic Athletic Association ("GAA") and Masters Golf, among others.

We have been consistently increasing our revenue generating units ("RGU") per household, which was 2.38 as of December 31, 2018 (up from 2.25 as of December 31, 2017). We believe there is significant potential for cross-selling and up-selling our fixed line voice, broadband, mobile and TV services, which will increase RGU's per household and result in lower churn in our subscriber base over time.

We believe our leading position in bundled services is further supported by the large fixed and mobile investments we have made in our network infrastructures over time, making us the only provider with full ownership of network infrastructures in both fixed line and mobile services today.

We are the market leader in retail broadband with strong brand recognition

We are the leading retail broadband in a highly competitive market, with 32.5% market share based on fixed retail broadband subscriptions as of December 31, 2018 (*Source:* ComReg 19/22), followed by a second operator with 26.4%, notwithstanding that the market has been fully liberalized since 1998 and infrastructure competition has developed and intensified in the last five years.

Our broad service offering means that we can take advantage of the growth opportunity in the converging telecommunications and media markets with support from customer demand for high speed data services and high quality content anytime, anywhere, on any device.

The Irish fixed broadband market has continued to grow. According to ComReg, the Irish fixed broadband per household penetration rate as of December 31, 2018 was 68.5%, representing an increase of 2.2% compared to December 31, 2017. Total household broadband penetration including mobile remains at 88% (higher than the benchmarked EU 28 average of 86%). ComReg reported overall fixed residential broadband subscriptions (i.e., excluding business subscriptions and mobile broadband subscriptions) of approximately 1.3 million as of December 31, 2018.

In the last market research that Brand Finance (*Ireland 25 2019*) published in March 2019, eir was ranked the highest valued telecom brand and number 11 of the top 25 most valuable Irish brands overall in 2019. We believe our market recognition gives us an advantage when it comes to providing bundled products.

We are the undisputed leader in fixed wholesale, with the only national network

We have the largest core fiber network in Ireland, with approximately 13,500 km of lines and 1.9 million premises passed as of December 31, 2018 or 79% of the total passed with NGA, as well as a copper infrastructure covering virtually all of the remaining premises. This comprehensive network compares to a cable footprint of approximately 0.9 million for Virgin Media. Through our wholesale division, open eir, we have a market share of 35.1% of the wholesale fixed broadband network for the period ending December 31, 2018 (*Source:* ComReg 19/22). Together with our retail broadband market share, our fixed broadband network holds a 67.7% market share in Ireland.

In the wholesale market, we provide a broad range of infrastructure and managed services such as wholesale line rental, bitstream, line share, LLU, capacity-based products and interconnect services. We provide the capability for other operators to provide retail services to customers, as well as high capacity backhaul services for MNOs to connect their radio sites.

Our wholesale division operates on a non-discriminatory basis, offering a range of regulated services (including fiber) on "open access" basis, meaning it is available to other operators in the market on an equivalent basis to our retail division, which drives the most efficient utilization of the asset and provides us with additional revenue opportunities.

The majority of operators, including Vodafone, BT, and Three, are significant customers of our wholesale business and rely on our core and access networks for the provision of mobile backhaul services as well as services to their end user consumer and business customers, particularly given our unmatched network coverage in approximately two thirds of the country. Consequently, we often gain some wholesale business if we lose retail or business customers to OAOs.

Our well-invested next generation fixed and mobile infrastructure are reinforced by an ongoing future-proofing investment program

Between June 30, 2012 and December 31, 2018, we spent €2 billion on capital expenditure, which included the roll-out of our NGA fiber network, the roll-out of our 4G network and improvements on 3G coverage and capability, as well as investments in spectrum. These substantial investments have resulted in an extensive fiber network infrastructure in Ireland, delivering the next generation of broadband data services and a mobile network that achieves an estimated 96% outdoor population coverage for 4G and 99% for 3G.

Fixed Network

We have constructed an extensive NGA fiber network, having invested approximately €665 million by December 31, 2018. As of December 31, 2018, we had passed approximately 1.6 million premises with Fiber to the Cabinet ("FTTC") technology, which offers broadband speeds of up to 100 Mb/s with the aid of vectoring technology. We have also nearly completed the roll-out of high speed broadband to 335,000 premises in rural Ireland, using predominantly FTTH technology, and, as of December 31, 2018, we had passed approximately 246,000 premises in rural areas bringing the total of FTTH premises to approximately 307,000. As of December 31, 2018, approximately 670,000, or 72%, of our broadband customers signed up to our NGA fiber services, compared to approximately 595,000, or 65%, as of December 31, 2017.

We believe the reach and quality of our network allows us to offer highly attractive and competitive services in terms of speed, capacity, content, connection reliability and cost efficiency. Our state-of-the-art network has enabled us to launch a range of entertainment services on fiber, including TV services.

Mobile Network

We have a nationwide radio access base station network with approximately 2,060 mast sites. This network is complemented by our network sharing agreement with Three, the scope of which is based on passive antenna sharing for 2G, 3G and 4G until 2030, when each operator will deploy its own radio access network ("RAN") equipment and possess service independence.

In the 2012 multiband spectrum auction, we acquired 2×10MHz in the 800MHz and 900MHz Digital Dividend spectrum bands and 2×15MHz in the 1800MHz band. The acquired multiband license is valid until 2030 and we have utilized all acquired spectrum for provision of voice and high speed mobile data services. In the 2017 3.6 GH/z spectrum auction, we acquired 85MHz in the main urban centres and 80 MHz in the rural regions. The 3.6 GHz band is suitable for introducing new 5G services, addressing mobile capacity constraints, and is a core band for providing and improving fixed wireless broadband services particularly in rural areas. These spectrum rights run for fifteen years, expiring on July 31, 2032.

We were the first to launch 4G mobile services in Ireland and currently have an estimated 96% outdoor population coverage as of December 31, 2018, compared to 95% as of December 31, 2017 and 26% as of September 30, 2013, when we launched this service. According to speed tests undertaken by ComReg in late 2018, our 4G mobile network has the fastest stationary download speeds at 22.8 Mbps, as compared to 18.3 Mbps for Vodafone and 18.3 Mbps for Three (*Source: ComReg 19/26).*

We believe the investments in our mobile network and the network sharing arrangement with Three gives us a platform to continue to capitalize on the growth of mobile data throughout Ireland and improve the existing coverage footprint in rural and urban locations.

Ongoing investment program to future-proof our network

While we have built a market leading, state-of-the-art fixed and mobile infrastructure through significant investments over time, we remain committed to further developing and future-proofing our network by investing in the latest network technologies and believe this will also make us more competitive versus other operators in key cities. We have announced an additional discretionary €500 million investment plan to roll-out FTTH to a further 1.4 million premises across urban and suburban Ireland to commence in July 2019. This is in direct continuation of our previous nationwide FTTC coverage investment program by now adding the last mile connection to homes with FTTH.

We have also launched a €150 million mobile network investment to update and expand our mobile network that we expect to significantly increase our high-speed mobile data capabilities and expand 4G coverage to 99% of the outdoor geography of Ireland. The first site with new equipment went live in December 2018 and over the course of two years we plan to update the equipment at each of our existing sites and expand the site footprint by approximately 25%. As part of this investment, beginning in the second half of 2019, we will also launch 5G in Dublin and the major Irish cities in order to deliver the most technologically advanced mobile data services in Ireland.

We believe that our investment plans uniquely position us to meet customer demand for high speed services, as well as providing the critical high capacity fiber backhaul services required by mobile operators to meet the growing demand for mobile data services and deliver our primary goal of having the best network for our customers. We believe that the growth in data traffic will increase utilization of our NGA fiber network and, given the planned quality and reach of our network, we expect it will enable us to further differentiate our network in the medium term.

We have an agile and highly efficient organization, with attractive cost structure, moving towards best-in-class

Our management and our principal shareholder, NJJ, are focused on our cost structure and, leveraging their combined experience, we have embarked on a group-wide efficiency and simplification plan to make eir one of the most efficient telecommunications operators in Europe.

We have already commenced multiple initiatives that will help deliver revenue and profit growth, including:

- Product streamlining: We have meaningfully reduced the potential product combinations available to our customers. For example, in July 2018, we had 68 voice plans, which has been cut to 11 today, of which only two are being actively sold;
- Investing in and rebuilding our IT: We have initiated the process of retiring legacy systems and building new customized IT stacks to operate a more efficient organization. This is removing complexity linked to the number of systems as well as reducing maintenance costs. We have identified and started to meaningfully reduce the number of IT applications used across the company, including billing systems, monitoring tools and business intelligence front end tools;
- Process simplification: We have implemented new ways of working to create a more agile organization, less dependent on gated processes, which had high overhead costs, and instead develop processes that target our resources selectively. Our product and IT revamp also support simpler processes.

As a result of this process, we have been able to better allocate our resources which has enabled us to undertake a voluntary redundancy program. We have relied on our experience in dealing with all stakeholders, including employees and trade unions, in order to ensure an efficient process, with no disruption, in line with our track record. This was completed at the end of 2018 and associated savings will be realized over the course of the year.

We have a highly attractive cash flow profile with significant proportion of discretionary capex and strong de-leveraging track record

Our business is strongly cash generative, with an Adjusted EBITDA of €520 million and €560 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively. We have continued to generate significant cash flows in the face of competitive pressures by having an increased focus on relevant bundles, improving operational efficiencies and reducing costs through our efficiency program. We generated net operating cash flows of €367 million and €380 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively. We have a strong track record of achieving cost savings and have decreased operating expenses from €577 million to €443 million for the financial year ended June 30, 2017 and the twelve months ended December 31, 2018, respectively, and increased our Adjusted EBITDA margin from 41% to 44% for the same periods which is above the median of select Western European telecommunications operators of 35% (based on KPN, BT, TDC and Orange Belgium; (Source: company filings)).

As a result of our significant investments to date, we have a well invested fixed and mobile network. As such, our recently announced future investment plans are largely discretionary (approximately €500 million in fixed over five years and €150 million in mobile infrastructure) and can be scaled back if necessary. Furthermore, as we complete our FTTH roll-out, we expect future associated network maintenance cost and capital expenditure requirements to be meaningfully lower compared to traditional legacy copper networks. Together, this further reinforces our objective to deliver an attractive cash flow profile and a strong operational deleveraging trajectory as previously demonstrated. From June 30, 2016 to December 31, 2018, our adjusted net leverage (including Tetra) decreased from 4.4x to 3.7x (with adjusted net leverage of 4.1x, 4.1x, 4.0x and 3.9x for the quarters ended December 31, 2017, March 31, 2018, June 30, 2018 and September 30, 2018, respectively). We are targeting leverage of 3.5x to 4.0x.

We have an experienced management and shareholder team with track record of delivery

Our management team has extensive experience operating in both the Irish and international telecommunications markets and other industries. Our Chief Executive Officer, Carolan Lennon, who joined us in 2010 and was appointed CEO in April 2018, having held senior positions in both the retail and wholesale divisions at eir and having over 14 years of international mobile experience, previously first worked as marketing director and subsequently as consumer director with Vodafone Ireland. Our Chief Financial Officer, Stephen Tighe, joined in May 2007 and was appointed CFO in April 2018, and has over 15 years of experience. He has grown through the organization, holding a number of key finance positions including Finance Director for consumer as well as our wholesale businesses. Both our CEO and CFO, as well as many other key individuals within the organization, have been promoted from within and have in-depth knowledge of the company having held a variety of roles prior to taking on more senior positions.

Our management team has demonstrated its skill and delivery capability in the critical areas of cost reduction, increasing efficiencies, increasing market position, rolling out infrastructures and commercial offerings such as NGA and 4G, as well as working effectively with key stakeholders, including ComReg. Our management team also has sophisticated commercial and financial expertise gained through completing numerous complex transactions.

NJJ is a supportive and highly involved shareholder, with an average of 18 years of experience in telecommunications and a track record of successfully operating other telecommunication companies. For example, Salt's EBITDA margin increased from approximately 32% before it was acquired by NJJ in 2018 to approximately 45% during its last financial year and its EBITDA conversion rate increased from approximately 55% pre-acquisition to approximately 65% during its last financial year. The four key members of the NJJ team are heavily involved in the eir business and work hand-in-hand with the eir management team. Furthermore, NJJ reviews and drives our strategy and communicates on a weekly basis with our management team to further refine our strategic objectives. Our costs, expenses and capital expenditures are reviewed on a continuous basis together with NJJ.

Our Strategy

Connecting is our core business. We are responding to the growing customer demand for continuous fast and reliable accessibility, whether for high-speed broadband, calls, TV or mobile services, by further investing in our fixed and mobile infrastructure, the foundation on which our services are based. Bundling and convergence are core to our strategy. Coupled with a best-in-class fixed and mobile infrastructure, we continue to drive our successful transformation from a telephony company to a converged telecommunications company where our customers increasingly subscribe to multiple products within our offering.

Our goal is the creation of value by maintaining our market leadership in the fixed line market and capturing value in the mobile market, while maximizing operational efficiencies and maintaining strict cost discipline. We are leveraging our extensive fixed and mobile reach and making significant investments in our networks to provide our retail, business and wholesale customers with a full range of standalone and bundled telecommunications services.

The key elements of our strategy are:

Continue to invest in our next generation fixed and mobile networks with early adoption of future-proof new technologies

Our NGA fiber network currently passes 1.9 million premises, representing 79% of premises in Ireland as of December 31, 2018 and our copper network infrastructure covers the substantial remainder. We are making additional investments to our fixed network to further support our superior offering compared to our competition, by continuing the roll-out of our 1 Gb/s FTTH network of approximately 307,000 premises passed as of December 31, 2018 to 1.7 million premises across urban and suburban Ireland, commencing in July 2019 (to reach approximately 81% of Irish premises). This is supported by a discretionary €500 million investment program, covering FTTH, over five years.

We expect that such investment will let us:

- further capture the opportunities presented by bundling to increase RGUs per customer and maximize customer lifetime value, by extending the reach and penetration of our triple- and quad-play services (which include TV services), and leveraging the eir Sport content;
- maintain high levels of customer service and strong brand recognition to secure customer loyalty; focusing on retaining and winning back customers through re-contracting activities, bundled services offerings, and improved marketing campaigns that defend and retain existing customer relationships and revenue by reducing churn and developing new services to meet the needs of our customers; and
- highlight the affordability, capacity, quality and reliability of fixed line services and the benefits they bring to homes and businesses.

Our nationwide mobile infrastructure provides us with an estimated 96% outdoor population coverage for 4G and 99% for 3G. We have announced a €150 million mobile network investment program that is expected to allow us to have the best fixed and mobile networks in Ireland in the medium term:

- increasing our 4G outdoor geographical coverage to 99% over the next two years, supporting our efforts to reach more customers and offering them better quality service that meets their demand for higher speeds. Our first new site went live in December 2018 and we will be upgrading our entire network of approximately 2,000 sites with the latest technology to improve coverage and enhance data speeds; with an additional;
- approximately 500 sites coming on line as part of this investment; and
- early adopting 5G technology to enable ultra-high speed mobile data, with the roll-out starting later in 2019.

We believe that our network investment will meet the demands of growing data traffic volumes, and our investments in NGA fiber broadband will provide our wholesale business with a platform for the provision of backhaul services to a number of mobile operators. We are focused on enhancing capacity and coverage of our network at reduced costs, with the ambition to generate higher returns while delivering a differentiated service for our customers and to be the first network of choice for all.

Offer high quality, high value bundles, focusing on a more-for-more strategy

We will continue to leverage our strong position in the retail market, as the only quad-play operator with wholly-owned fixed and mobile network infrastructure, to offer high quality and value bundles to our customers, in order to drive higher ARPU and lower churn. We will do this by:

- continuing to improve our bundled offerings, leveraging our leading proprietary infrastructure across fixed voice and broadband, TV and mobile;
- further simplifying our product offering, so that our value proposition is clearer to our customers;
- leveraging our content offering as a key differentiating factor, and in particular the eir Sport package that includes Premier League, Champions League and Europa League football, as well as Pro-14 Rugby;
- executing the announced €150 million mobile network investment program, which includes the roll-out of 5G technology in the second half of 2019 to allow ultra-high speed mobile data and to make eir the best mobile network in Ireland; and
- focusing on the postpaid subscriber base to increase the uptake of triple- and quad-play bundles.

Deliver a best-in-class customer experience, enhancing our brand identity

We intend to drive revenue growth by focusing on our customers and their experience. We plan on doing this by:

- revitalizing our customer experience through in-sourcing of key customer facing functions, including sales, customer services, retail stores, collections as well as HR, IT and other central functions. Since October 2018, we have hired and trained more than 300 new front-line eir customer care agents across our three care hubs in Sligo, Cork and Limerick and transferred 220 staff from our outsourcing company over to eir so that all customer-facing roles are now filled by eir employees;
- simplifying and improving our bundled offering (we have already reduced the product combinations available to our customers dramatically during 2018), making it easier for our customers to select our product offering, whilst our sales staff can more efficiently identify the most suitable packages;
- aiming to have the best quality network infrastructure in Ireland, supported by our future-proofing investment program; and
- re-designing our IT stack to enable us to better understand our customers, promote relevant key products and offer high quality customer support.

With the initial phase of the insourcing process completed, we are now shifting our focus to continue training and upskilling our employees and ensuring that we have a purpose-built IT stack that equips and enables them with the appropriate information and tools to offer superior service to our customers. We believe this continued focus and investment on customer experience is beneficial to customers. Once fully implemented, it will improve customer satisfaction, strengthen our brand, reduce churn and generate higher ARPU through more relevant targeted product offerings and ultimately revenue growth.

Continue strengthening our leading wholesale position, and capitalize on B2B opportunities through eir Business

We will continue to leverage the strength of our core and access networks and develop our growing mobile network to further increase our wholesale and B2B revenues. We plan on doing this by:

- retaining and growing our share of Ireland's growing broadband market through our retail offering, as well as our wholesale access to OAOs in situations where we are unable to maintain the retail customer relationship ourselves. In many parts of Ireland, eir is the sole infrastructure provider to access fixed connectivity. Ireland's fixed broadband market has grown from 1,360,309 subscribers as of December 31, 2016 to 1,430,160 subscribers as of December 31, 2018 (*Sources:* ComReg 17/15R, ComReg 19/22), while our share of the retail market has grown from 31.4% to 32.5% (*Sources:* ComReg 19/22, ComReg 18/113);
- utilizing our leading core fiber network to provide mobile backhaul services to ourselves and to other MNOs on commercial terms;
- bidding on specific complementary projects;
- continuing to transition our B2B offering away from reliance on legacy access and voice, to data, mobile and services in order to offset structural declines in legacy products;
- targeting all B2B segments with next generation voice, data and video solutions with a simplified product offering; and
- leveraging fixed line business customer relationships to cross-sell mobile services. We experienced a 3% increase in our mobile B2B subscriber base in the year to December 31, 2018 and believe there is opportunity to accelerate this growth by combining our existing relationships with business with an upgraded mobile network. Mobile network coverage is an important consideration for Irish businesses when choosing a MNO and historically our network coverage has trailed Vodafone for geographical coverage, a situation which we believe will reverse following our mobile investment plan.

Have an ongoing focus on cost control through IT transformation, simplification and process improvement

We will continue focusing on our cost transformation program to meet our ambition of making eir "best-in-class" in the European telecom sector. We want to create a more agile company that can better respond to customer demands and expectations. We believe this can be achieved through simplification and digitalization of our business, operations and processes, which in turn will enable faster decision-making and better communication, without compromising our ambitions to be a leader in customer experience.

We are implementing a simplification program in phases and to date we have already made significant progress on three key pillars:

- Product streamlining: we have meaningfully reduced the number of products offered and will maintain a lean product offering, resulting in simplification for many parts of our organization and we will continue offering exciting new propositions to our customers at competitive pricing;
- Investing in and rebuilding our IT stack: we have identified and will retire many of our legacy IT systems, designing and building a new customized IT stack, removing redundant applications and generating meaningful savings; and
- Process simplification: we will continue to review our organization structure and processes on an ongoing basis to identify further simplification opportunities.

In addition, our focus on our efficient cost structure will generate additional savings in the following areas:

- We have recently relocated our HQ from central Dublin to an existing eir building on the outskirts of Dublin in Citywest Business Campus and in anticipation of this relocation, we have already secured a sublet contract for part of the previous HQ building;
- We are challenging every vendor contract through a comprehensive review of all existing agreements, and in some instances we will look to create multi-vendor support agreements;

- We will look to further in-source functions managed by third party service providers where we think we can do it more efficiently and with better outcomes; and
- We are optimizing marketing costs following our move to an in-house media buying model across all media platforms, which we started in July 2018. In addition, we changed our approach to the production of assets for use in campaigns and now work directly with production houses. As a result, we have reduced production costs, the savings from which we are reinvesting in additional campaigns, thereby increasing our "Share of Voice."

Maintain financial discipline and deliver sustainable growth, creating an attractive cash flow and deleveraging profile

The management and our shareholders are focused on making our company "best-in-class" and future-proofing our fixed and mobile infrastructure by continuing our investments over the next few years. We generated net operating cash flows of €367 million and €380 million for the financial year ended June 30, 2017 and twelve months ended December 31, 2018, respectively, which is an increase of 3.5%. We aim to continually improve cash flow organically and by implementing our efficiency and simplification program and, among other initiatives, pursuing smart growth opportunities available to us in a manner that generates high incremental return on both our capital and commercial investments to drive increased EBITDA. Our key priorities are to develop our growth areas, improve customer service and increase revenues, while focusing on process simplification, cost efficiency and achieving operationally driven deleveraging in the medium term through growth in EBITDA.

History

In July 1999, the Irish government privatized Bord Telecom Éireann plc (at the time Ireland's primary, and state owned, telecommunications company) in line with the EU requirement to liberalize the telecommunications industry. Further to the Irish government's decision to privatize, Bord Telecom Éireann plc was floated on the Irish, London and New York stock exchanges, and then changed its name to eircom plc.

In 2001, we disposed of our mobile phone segment and were taken private by the Valentia consortium. In 2004, we re-floated on the Irish and London stock exchanges. In 2005, we re-entered the mobile phone market with the acquisition of Meteor, and were owned successively by the Australian investment group Babcock and Brown Limited (2006-2010) and Singapore Technologies Telemedia (2010-2012).

In March 2012, we entered examinership, a court protection system that allowed us to restructure our debt. We exited examinership in June 2012, and under the scheme of arrangement endorsed by a majority of our creditors, we were controlled by an entity ultimately controlled by our lenders under our then senior facilities agreement.

During May 2013, we launched high speed broadband services over our NGA network and were the first to market with "quad-play" in January 2014 enabled by the launch of our IPTV offering, eir Vision. Following the Irish spectrum auction in November 2012, we commenced the roll-out of our 4G (LTE technology) network, and, in September 2013, became the first mobile operator to commercially launch 4G services in Ireland. In September 2015, we launched our FTTH program, offering superfast broadband with speeds up to 1 Gbp/s.

On April 9, 2018, Toohil Telecom Holdings Limited ("Toohil"), a company that is majority controlled by NJJ Boru SAS ("Boru"), a subsidiary of NJJ, the private investment vehicle of Xavier Niel, and Iliad SA acquired 100% of Eircom Holdco S.A. ("EHSA"). NJJ and Iliad have an indirect investment interest in Toohil of 32.9% and 31.6%, respectively. Anchorage Capital Group LLC and Davidson Kempner Capital Management LP, hold an indirect minority investment interest in Toohil of 26.6% and 8.9% respectively.

Our Brand

In September 2015, we launched our new brand, eir, which has become one of the most recognized and strongest brands in the telecoms market.

In the last market research that Brand Finance (*Ireland 25 2019*) published in March 2019, eir was ranked the highest valued telecom brand and number 11 of the top 25 most valuable Irish brands overall in 2019. Our brand gives us a clear advantage when it comes to providing services.

We launched eir Sport in July 2016, enabling eir broadband customers to get seven sports channels free in all eir broadband bundles. eir Sport has been well received by the market, supporting the transition of eir from a telephony company to a media company.

Until September 2017, we also operated the Meteor mobile brand, which was purchased by the Group in 2005. As of September 2017, the Meteor brand had been retired and customers automatically moved to the eir Mobile brand which has allowed them to enjoy the additional benefits of this brand.

Our Converged Service Platform

Our existing fixed line network is the most extensive in Ireland with respect to customer reach, providing nearly ubiquitous coverage of the population. By December 31, 2018, we had invested approximately €665 million in an NGA network that will provide fiber based services to customers through the deployment of a combination of FTTC and FTTH to over approximately 1.9 million premises or 79% of the total in Ireland and are also heavily investing in next generation technologies. This modernization includes extending the reach of our current fiber back-haul core IP network to exchanges in the NGA footprint, driving fiber deeper into our network and providing significant back-haul capacity to serve our own mobile business, and will also serve as a means of generating incremental revenue by offering this capacity to other MNOs.

In 2013, we launched our high speed broadband services over our NGA network using FTTC technology, and with the aid of vectoring technology now offer speeds of up to 100 Mbps to cover FTTC customers, allowing high speed broadband and TV services to be delivered to our customers across the NGA fiber footprint. Our fiber network is competitively positioned, with substantially all of Virgin’s and SIRO’s broadband footprints also falling within the footprint of our fiber network as of December 31, 2018.

Continuing the evolution of our network, in 2015, we began our pilot FTTH program with broadband speeds of up to 1 Gb/s. Our FTTH program has since been launched commercially, and as of December 31, 2018 it passes approximately 307,000 premises. We have committed to the government to pass approximately 300,000 rural premises with FTTH and we expect this program, together with an additional 35,000 rural premises, will be substantially complete by June 2019.

In February 2019, we announced the launch of ‘Ireland’s Fibre Network,’ an ambitious plan to expand our FTTH network to a further approximately 1.4 million premises in suburban and urban areas across 180 towns and cities over a five-year period beginning on the completion of our rural FTTH program in the summer of 2019. The program is expected to cost approximately €500 million over five years and once complete we will have 1.7 million premises with future-proofed FTTH technology.

As of December 31, 2018, we had 670,000 customers availing themselves of fiber based high speed broadband services, an increase of 75,000 compared to the previous year. Our NGA network enables us to offer to our customers a quad-play bundle of services including fixed line voice and broadband, mobile voice and IPTV services providing linear and on-demand TV. Our advanced retail billing system, which was launched in conjunction with our NGA services, delivers integrated fixed and mobile billing capabilities which are critical to the delivery of triple- and quad-play bundles.

Our proposition was further strengthened through the acquisition of Setanta Sports Ireland in April 2016, marking our first step into the TV content business. We rebranded to eir Sport in July 2016. We believe our sports offering gives us a point of differentiation to our competitors and furthers our bundle penetration strategy. There were approximately 297,000 eir Sport customers as of December 31, 2018, with approximately 56% of our eir consumer broadband customers availing themselves of the service as part of their current broadband bundles.

We believe that further potential exists for the development of bundles and convergence with the emergence of fixed voice, fixed broadband and TV triple-play services, as well as quad-play services incorporating mobile. As of December 31, 2018, triple or quad-play customers represented only 31% of our fixed access households. We commercially launched eir Vision, our own IPTV service over our fiber network, in January 2014, enabling eir to offer a quad-play of services. We also see evidence of accelerated uptake of triple-play bundles through examination of RGU’s per customer. Our consumer fixed line RGU per household was 2.38 as of December 31, 2018 (increasing from 2.25 as of December 31, 2017) and continues to see steady growth, with 31% of consumer fixed households subscribing to bundles with three or more products (increasing from 27% as of December 31, 2017).

In addition to the investment being made in our NGA network, we are continuing to invest in our mobile network. In September 2013, we launched 4G services utilizing spectrum acquired in the November 2012 ComReg auction and currently offer 4G outdoor coverage to an estimated 96% of the outdoor population.

In parallel, we have focused on high quality, reliable mobile connectivity and introduced High Definition voice in late 2015 to enable clear voice calls with significantly reduced background noise. We have also continued our focus on coverage blackspots to ensure seamless voice and data mobility for our customers. Our vision for our customers is a converged future with seamless access to fixed and mobile services. We expect to enable this through our significant network investments in both, the fixed and mobile market. We launched VoWiFi as part of that strategy and we expect this to be further enhanced by the launch of VoBB and VoLTE in the near future.

In November 2018, we announced the launch of a further investment in our mobile network of approximately €150 million, which will increase our 4G coverage to an expected 99% of the outdoor geography of Ireland, which we believe will make our network one of the most expansive in the world. We expect that the investment program will take approximately two years and will increase the number of mobile sites in the network by approximately 25%, with new equipment at every site, that will result in a step-change in the speeds available to our customers for mobile data. The investment will also see the roll-out of 5G services in 2019, delivering the most technologically advanced mobile data services across Ireland's cities.

Fixed Line and Mobile Services

We are the largest provider of fixed line telecommunications services in Ireland. According to ComReg, we had a total revenue market share of 46.3% of the Irish retail and wholesale fixed line market for the quarter ended December 31, 2018. We have the most extensive fixed line telecommunications network in Ireland in terms of both capacity and geographic reach, and OAOs rely heavily on our infrastructure. Included in our fixed line revenue is the provision of fixed voice and broadband Internet services to households and businesses on a retail and wholesale basis. We use the terms "bitstream" and "ADSL" to refer to broadband products for wholesale and retail customers. Throughout this section, we will use broadband to refer to and describe these products. We leverage our extensive fixed line network and relationships to sell mobile services and offer bundles to consumers and businesses across Ireland.

As of December 31, 2018, we had 465,000 retail and 471,000 wholesale customers, compared with the following: December 31, 2017, when we had 440,000 retail and 471,000 wholesale customers, March 30, 2018, when we had 444,000 retail and 475,000 wholesale customers, June 30, 2018, when we had 450,000 retail and 473,000 wholesale customers and September 30, 2018, when we had 460,000 retail and 465,000 wholesale customers.

Our monthly mobile prepay churn for the quarters ending, December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018, December 31, 2018 was 4.7%, 4.1%, 4.3%, 4.1% and 4.4%, respectively, while our monthly postpay (excluding M2M) churn for the same periods was 1.6%, 1.5%, 1.4%, 1.5% and 1.4%, respectively.

Blended Consumer Fixed ARPU was €49.80 as of December 31, 2018, compared with €49.30 as of December 31, 2017, €50.00 as of March 31, 2018, €49.60 as of June 30, 2018 and €49.20 as of September 30, 2018. Wholesale WLR ARPU was €16.40 as of December 31, 2018, compared with €16.10 as of December 31, 2017, €16.50 as of March 31, 2018, €16.30 as of June 30, 2018 and €16.30 as of September 30, 2018. Wholesale Bitstream ARPU was €15.10 as of December 31, 2018, compared with €15.70 as of December 31, 2017, €15.80 as of March 31, 2018, €15.40 as of June 30, 2018 and €15.20 as of September 30, 2018. Mobile blended ARPU was €24.70 as of December 31, 2018, compared with €24.50 as of December 31, 2017, €24.10 as of March 31, 2018, €24.10 as of June 30, 2018 and €24.40 as of September 30, 2018.

Retail

Our retail fixed line business is composed of "consumer" and "business" end customers with whom we have a direct network and billing relationship. This is distinct from our wholesale business, in which we do not have a direct relationship with the end customer. As of December 31, 2018, we had 658,000 retail access lines and 465,000 retail broadband customers.

Consumer

Our Consumer division is the largest division within eir, with revenues of approximately €627 million for the twelve months ended December 31, 2018. We offer fixed and mobile services to approximately 1,432,000 customers, comprising 491,000 fixed and 941,000 mobile customers as of June 30, 2018. We are the market leader in fixed line and we had 46.3% of the retail fixed line market as of December 31, 2018, according to ComReg.

We offer bundles of services and standalone propositions of voice, high speed broadband, TV, sports content and mobile services to households and individuals. We are focused on maximizing customer lifetime value through our bundling and convergence strategy and, as of December 31, 2018, we had one of the broadest distribution networks of all telecommunications operators in Ireland, with 83 stores (including franchise stores) and 165 stores when partner stores are included. We support consumer sales and marketing programs with direct marketing campaigns through a wide range of media including TV, telephone, radio, press, outdoor, and the Internet.

Fixed line

In line with the trend elsewhere in Europe, the retail voice subscriber base in Ireland has been contracting due to fixed-to-mobile substitution, albeit the rate of this decline has begun to slow. In response to this trend, we have focused on retaining our existing customers through re-contracting and promotional offers and attracting new customers through the sale of "dual-play," "triple-play" and "quad-play" service offerings comprised of fixed voice, mobile services, high-speed broadband, TV services and sports content to stabilize subscriber numbers and ARPU and grow RGU's. As of December 31, 2018, 31% of fixed households were taking three or more services as part of a bundle. See *"—Bundling*" below for further details of these offers.

Consumer residential broadband penetration in Ireland is at 68.5% as of December 31, 2018, and we believe that broadband penetration will grow given the demand for high-speed connectivity and therefore there exists an opportunity for us to grow our market position. In 2013, we launched eir Fibre, our high speed broadband service over our NGA fiber network and now offer speeds of up to 100 Mbps (for FTTC customers) and 1000 Mbps (for FTTH customers). As of December 31, 2018, we had 287,000 eir Fibre customers, representing approximately 73.8% penetration of our consumer broadband base of approximately 389,000 customers.

Mobile

We continue to leverage our significant investment in our Mobile network with an emphasis on maximizing value. We were "first to market" with 4G services in 2013, and, currently have an estimated outdoor population coverage of 96%, which increased from less than 30% in June 2014 to 61% in June 2015 and to 95% in June 2017. In November 2018, we launched a two-year investment program that we expect will deliver 99% outdoor geographical coverage for 4G and we expect to begin delivering 5G services in cities in the second half of 2019. For more information about our Mobile division, see "*—Group Mobile*" below.

Bundling

Bundling and convergence is a key part of our strategy to maximize customer lifetime value through increased RGU's and reduced churn. We are the only operator that provides the full complement of quad-play services on its own network and we believe this allows us to offer the best value quad-play packages available in the market. As of December 31, 2018, we had 31% triple- and quad-play consumer fixed households making use of either fixed voice, broadband, mobile or TV, which has increased from 27% as of December 31, 2017.

Our bundling strategy continues to deliver growth with higher average revenue per household, lower churn and greater lifetime value. In addition, the proportion of households with mobile in a bundle increased from 23% as of December 31, 2017, to 26% as of December 31, 2018, which drives further increases in customer retention. Customers with bundles enjoy discounted rates versus those products sold separately, for example post-pay mobile subscriptions command a €10 discount within a bundle as compared to a standalone postpay contract. Customers see the benefit in bundling, which allows them to move all their services under one bill and save money.

In January 2014, we commercially launched eir Vision, our IPTV service, over our fiber network. We are uniquely positioned to capitalize on growth in IPTV, leveraging our investment in the broadband and mobile networks. We offer a basic TV package for €15 per month, which includes more than 50 channels, as well as additional customer options such as experience TV, which includes 30 extra channels for an additional €10 per month, HDTV, which includes 10 additional channels for an additional €5 per month and multi room for an additional €5 per month. Our TV user base continues to grow, with approximately 80,000 eir Fibre customers taking the eir Vision TV service as of December 31, 2018 compared to 74,000 subscribers as of December 31, 2017.

From July 2016, we commenced our offer of premium sports content to the broadband and bundles user base through the successful acquisition of Setanta Sports, which was rebranded as eir Sport. Bundling sports content with Broadband, TV and Mobile helps drive broadband and bundles growth. eir Sport is available for free to broadband customers through mobile applications as well as through the eir Vision set-top box. In April 2017, eir Sport for mobile only customers was launched to high end postpay mobile only customers.

Other

Our services also consist of providing public payphones and public access Internet terminals at "on street" and selected internal sites in Ireland.

We provide operator assisted telephone services and a directory enquiry service ("11811") to customers on all networks, both fixed and mobile. Directory enquiry information is also available free of charge via an on-line phone book at www.eirphonebook.ie.

eir Business

Our eir Business division is the second largest division within eir, with revenues of approximately €337 million for the twelve months ended December 31, 2018 (including small business revenue). We develop standard offerings that are configurable according to the specifications of each customer. We primarily offer connectivity services to small and medium enterprises throughout Ireland. To our enterprise customers, which include large private sector companies in Ireland and the Irish government, we provide a range of integrated solutions that combine connectivity with infrastructure and services to form complete solutions. We also provide ICT services to the public sector in Northern Ireland as well as to Irish customers with subsidiaries or branches in the United Kingdom. eir Business also holds a 56% stake in Tetra, a company that provides nationwide digital radio services for the major state emergency and security agencies, such as police, prisons, revenue commissioners and the ambulance service in Ireland, which is described in further detail below.

Connectivity services

Connectivity services include voice and data fixed line, wi-fi and mobile services, as well as bundled offerings for SMEs. We also provide VoIP, data, mobile and wi-fi solutions as well as Internet access enhancements.

eir Fibre

We have approximately 43,000 business lines availing themselves of our eir Fibre broadband service representing approximately 57% of our business fixed broadband customer line base of approximately 76,000.

SIP voice

SIP voice is part of our Next Generation Voice portfolio and is a converged voice/data service that allows voice calls to be carried over our data network, removing the need for traditional voice lines. SIP opens considerable opportunities for Irish businesses, bringing their architecture into the IP world of converged communications. The proposition targets providing exceptional value by carrying both calls and data over the data network while at the same time maintaining the call quality customers have come to expect from traditional voice services. SIP Voice lays the foundation for future services like unified communications and hosted private branch exchanges.

Mobile

We had a business handset subscription market share of 10.0% as of December 31, 2018, up from 9.9% compared to the previous year. Having developed end-to-end business processes to support our mobile offering, we have seen significant momentum, most notably in the Small Business Segment. We are continuing to invest in our on-boarding, in-life service and roaming experiences to support our penetration of the Enterprise and Government segments which represent an untapped opportunity for eir Business. We have launched enhanced propositions that combine mobile, fixed and virtualized services offering customers significant value beyond basic connectivity. We have a unique opportunity to leverage our infrastructure and extensive customer relationships to cross-sell these FMC solutions to business customers. As of December 31, 2018, we had approximately 108,000 small, medium and large business mobile customers an increase of 2.9% on the prior period in 2017. For more information about our Mobile division, see "*—Group Mobile*" below.

NGN IP Express

NGN IP Express, a data network service targeted at medium to large business customers, was launched in 2015 and leverages our investment in NGA technology. The service provides secure, cost-effective private data networks for business customers at speeds of up to 100Mbps. To date, the service has been sold to over 60 customers.

In 2017, eir Business launched a 10GB access product, enabling large network customers for high end Internet usage and applications such as video. The 10Gb product is a requirement for customers who consume large amounts of data on a daily basis. To date, the service has been sold 35 times to 15 customers.

Hosted Network Services

Hosted or "Virtualized" Network Services merge broadband connectivity with advanced network features that add utility and value. Services are delivered from shared, on demand platforms with flexible, consumption oriented pricing and offer greater customer control. An example of this service is our recently launched hosted telephony infrastructure as a service. We offer a solution to mid- to large-scale organizations that enables customers to replace premises-based infrastructure with a network-based services delivered on an opex basis. In the fourth quarter of fiscal 2019, we plan to launch the next set of capabilities, which will add hosted collaboration features, such as video calling, to our virtualized telephony offerings.

Network integration services

Network integration services include solutions combining devices/premise infrastructure, network connectivity and services (e.g., virtual services and network management). Examples of these services include managed networking solutions, which encompass offerings for designing, deploying and operating connectivity, network equipment and infrastructure and related services, such as security and Managed Wi-Fi. For example, we offer an Advantage Managed Wi-Fi solution launched that offers fast, secure, reliable and fully managed on-premises wi-fi services with 24/7 support for a single monthly price. We have also developed a Managed Data Connectivity offering that combines connectivity, equipment, maintenance and management services. This offering is targeted particularly at the retail sector and to date we have deployed services to over 1,300 sites.

Network security services have been identified as a growth opportunity for our business. In the past years, a number of services have been developed in conjunction with partners such as Cisco Umbrella Open DNS public cloud security service and Next Generation Firewalls and related services.

Certifications

Following stringent audits held on June, 2018 and December 2017, the Certification Europe Auditors issued certificates for ISO20000 and ISO270001:13 to eir Business. The certifications are valid for a period of three years. Our certifications are unique within the Irish telecommunications market and set out our business service as a differentiator within the Irish market.

Emergency services network (Tetra)

We hold a 56% stake in Tetra, a consortium consisting of eir, Motorola and Sigma Communications Group Limited, which signed a contract in May 2008 with Ireland's Department of Finance for the provision of nationwide digital radio services for the major state emergency and security agencies, such as police, prisons, revenue commissioners and the ambulance service. The initial contract ran to June 2017, which was further extended to June 2019. The Department of Finance intends to extend the contract with Tetra again, until December 2020, to allow it to carry out a public procurement tender process for a successor contract. Tetra is partaking in that tender process.

Tetra fully completed the build-out of its network in the Dublin region in March 2009, including all of its core network and operational systems. The remaining regions of the nationwide system were built out on a phased basis, and the final region was completed in October 2010. As of June 30, 2018, Tetra had over 22,000 billable users on its network. The Tetra technical standard is an agreed Europe wide standard for encrypted digital mobile radio, allowing secure push-button group communications (one-to-many) and delivering high voice quality voice and short message data services to public safety and emergency personnel throughout Ireland.

Wholesale ("open eir")

Our open eir division generated revenues of €324 million for the twelve months ended December 31, 2018. Through open eir, we provide communication service providers with open access to eir's nationwide fixed network, products and technical expertise. Our wholesale business is a strategic partner of choice for OAOs providing telecommunication services to households, individuals and business customers.

Our fixed line network infrastructure enables us to offer a range of compelling and high-speed services to our customers. Through our NGA network and IP network, we can offer high speeds, flexibility and a high degree of reliability on a national scale. Additionally, our NGA network will drive fiber deeper into our network and provide significant back-haul capacity to serve our own mobile business and will also serve as a means of generating incremental revenues b offering this capacity to other MNOs. We also transit and terminate voice and data traffic on behalf of OAOs.

The price at which we offer wholesale regulated services to our customers is regulated by ComReg, and as of June 30, 2018, the prices and terms on which we offer the majority of our wholesale products are regulated under the (i) Reference Interconnect Offer ("RIO") which details the wholesale offering of our PSTN and ISDN traffic service, (ii) the Access Reference Offer ("ARO") which details an offering of unbundled access service to all access seekers and (iii) the Wholesale Bitstream Access Reference Offer which details the bitstream offering. Our position in the wholesale market provides us with an opportunity to develop services for OAOs as well as retain the wholesale component of a significant proportion of business lost to competitors at a retail level.

As of December 31, 2018, we had 640,000 access lines, including SABB (of which 471,000 were wholesale broadband lines and 4,000 LLU lines). The wholesale customer base as of June 30, 2018 can be analyzed as follows:

Wholesale line rental	486,000
Wholesale broadband (bitstream)	471,000
Local loop unbundling (LLU)	4,000

As of June 30, 2018, we had 71 national and 25 international customers.

Our proposition for resellers includes managed calls and broadband access services (sometimes called White Label) that allows our OAO customers to make more extensive use of our network and services instead of investing in their own infrastructure. Our proposition for mobile operators includes a managed Ethernet service (sometimes called mobile backhaul) to carry the growing volume of data traffic being generated by customers of mobile network operators and service providers.

We market and sell to our wholesale customers through our wholesale account management team, which is our primary sales channel. The account managers are trained to deal with the specific information and communications technology needs of our wholesale customers and are often assisted by our professional project management team and appropriate technical experts.

Key services of open eir, as of December 31, 2018, are set out below.

Interconnect services

Our wholesale business provides fixed line voice traffic services between us and other operators such as Vodafone, BT and Three. We provide interconnection services to OAOs in Ireland and to international operators for incoming international calls. Our interconnection services include both the physical link of our telecommunications network with that of OAOs and the traffic that passes over the link.

We generate revenue from interconnection services for the termination of incoming international traffic in Ireland. We also generate revenue from transit services for calls made between two operators, which otherwise have no physical connection. Our domestic interconnection services include:

- call origination and carrier pre-selection, providing OAOs with the ability to carry domestic calls placed from geographically assigned telephone numbers within our network for termination on the operator's network or for onward transmission to other networks;
- call termination, which takes calls handed over from OAOs for termination on geographic number ranges within our network;
- transit to OAOs or OAO services, which takes calls which are passed on from an OAO's network to geographic and non-geographic number ranges within another OAO's network; and
- ancillary services, such as Freefone and premium rate services, Internet services, and directory enquiry services.

Access revenue

Access and bitstream revenue is generated from the rental of physical lines between a subscriber and an exchange. Local loop unbundling revenue is generated where OAOs install their own equipment in our exchanges for the provision of access and broadband services.

Wholesale access channels

Carrier pre-selection single billing through WLR allows an operator to resell our access service and provide customers with a single bill for access and call services. We maintain and repair the access line, which remains connected to our switched network, and bill the operator for the line. The operator bills the end customer for the operator's bundled service. This service is only available if the end customer has made a carrier pre-selection for all call types with the relevant operator.

Bitstream

Bitstream is a broadband access product that we offer to OAOs, consisting of a high-speed access link to the customer's premises, which we create by installing ADSL equipment and configuring our local access network. We currently offer a range of IP and NGN (bitstream managed backhaul) based services at a variety of speeds and levels of contention, and, in line with our regulatory obligations, effectively offer to our wholesale customers equivalent products to our retail ADSL offerings.

Next Generation Access

Our Next Generation Access (NGA) product portfolio consists of FTTC and FTTH products. These products come with the option of being either a SABB or a POTS Based (Voice plus Broadband) variant. Both of these have a Bitstream Plus and a Virtual Unbundled Access version. The FTTC variant employs vectoring technology which allows for speeds of up to 100Mb/s per second. Both FTTC and FTTH come with a multicast capability which allows for the broadcast of TV.

Local loop unbundling

As we are designated by ComReg as having significant market power ("SMP"), we are required to make our local networks available to OAOs on a wholesale basis, i.e. share access to unbundled local loops. We are obliged to provide LLU access services to OAOs and to publish an ARO, describing the access services we offer. Unbundled local loop access requires the physical co-location of infrastructure owned by OAOs on our premises in order to permit such operators to access our unbundled local loop services. We are also required to enable an end customer's telephone number to migrate to LLU. The prices of these services are regulated through our ARO.

The service also includes several LLU migration products. These products, termed Inter Operator Migrations, allow customers to move between OAOs and have their underlying wholesale product change from LLU to SB-WLR or vice versa. Other LLU product offerings include a facility called Intra-Operator Migrations. This allows an OAO to seamlessly migrate its existing WLR and bitstream customers to LLU.

Line Share allows operators to provide services such as broadband to their customers without the requirement to take control of the local loop through LLU. The retail customer pays for line rental and calls to the first operator, and pays for the services delivered over Line Share to the Line Share operator. Line Share prices are regulated through our ARO.

Carrier pre-selection

Carrier pre-selection allows OAOs to compete with us in the provision of call origination services without having to develop a local access infrastructure, by allowing customers to choose another authorized operator as the default carrier for some or all calls.

Wholesale leased lines and partial private circuits

We provide OAOs with wholesale leased lines, including Partial Private Circuits ("PPCs"), as set out in the Leased Line Reference Offer, and interconnect paths, which are dedicated leased lines connecting our network to that of another authorized operator.

Partial private circuits are partial leased lines that connect a customer's premises to the point of connection between our network and that of another authorized operator. OAOs that possess a core network can use partial private circuits, which are priced in accordance with a different tariff schedule, as a substitute for wholesale leased lines. We also offer NGN Ethernet products. These NGN Ethernet products provide operators with an access mechanism through Wholesale Symmetrical Ethernet Access and a backhaul mechanism through to our next generation network. We offer a 1 and 10 Gbit/s uncontended point to point leased line to cater for the growth in demand for dedicated high bandwidth capacity.

ComReg requires that we enter into service level agreements for the provision of wholesale leased lines, PPCs and interconnect paths. These agreements contain penalties which we may be subject to for delays in processing applications for the installation of leased lines and for late delivery of leased lines or interconnect paths. Our support systems provide full visibility of all steps from ordering services to actual delivery.

Managed services

We provide a portfolio of managed services to customers such as resellers and mobile network operators.

Our proposition for resellers includes a managed calls and broadband access service (sometimes called White Label) that allows customers to make more extensive use of our network and services instead of investing in their own infrastructure. The main elements of white label agreements are our standard products such as SB-WLR and bitstream but also include value add services such as on net calls and managed ISP services. White label agreements tend to be for a duration of three years and provide a platform to further develop business with these customers. We have developed White Label versions of NGA services to protect and grow this customer base.

Our proposition for mobile operators includes a managed Ethernet service (sometimes called mobile backhaul) as well as bespoke network build. Both propositions are used to carry the growing volume of data traffic being generated by mobile consumers on our network.

Group Mobile

We are the third largest mobile operator in Ireland in terms of revenue and customers. According to ComReg, we had a share of approximately 16.6% of the total mobile subscription market, 19.8% of the mobile subscription market (excluding mobile broadband and M2M), 13.1% of the mobile broadband subscription market and 2.0% of the M2M market, as of December 31, 2018. As of December 31, 2018, we offered services to approximately 1,045,000 mobile subscribers of which 488,000 and 557,000 were prepay and postpay subscribers (including mobile broadband and M2M), respectively. As of December 31, 2017, we had approximately 1,056,000 mobile subscribers (of which 535,000 were prepay and 521,000 were postpay subscribers), as of March 31, 2018, we had approximately 1,053,000 mobile subscribers (of which 519,000 were prepay and 534,000 were postpay subscribers), as of June 30, 2018, we had approximately 1,047,000 mobile subscribers (of which 504,000 were prepay and 543,000 were postpay subscribers) and as of September 30, 2018, we had approximately 1,046,000 mobile subscribers (of which 497,000 were prepay and 549,000 were postpay subscribers).

Our customer mix continues to improve and our postpay customer base has experienced growth. Postpay subscriber numbers (including mobile broadband and M2M), as of June 30, 2018, were 543,000, representing an increase of 6% compared to June 30, 2017. This growth has been assisted by increased prepay to postpay migrations and the ongoing success of 4G data offers and increasing take up of mobile bundles. Our mobile prepay customer numbers (including mobile broadband and M2M) as of June 30, 2018 were 504,000, representing a reduction of 7.9% compared to June 30, 2017, due to migration to postpay in line with the overall market trend and increased competition. The prepay churn rate for our mobile subscribers was 53.1% for the financial year ended June 30, 2018 having improved from 56.8% in the prior year. Postpay churn has further improved to an annualized 53.0% in the quarter-ended December 31, 2019.

Our mobile service offerings include mobile voice and data services and other VAS including music downloads, entertainment and international roaming. We also offer a range of competitive SIM only plans at all price levels, as well as hardware including mobile handsets, external USB modems, tablets and wearables.

We offer customers an extensive range of mobile handset makes and models over a wide price range, subsidized at different levels depending on the price plan chosen by the customer. We also offer customer handset upgrades based on criteria such as length of tenure and value of the customer. We also offer a small range of mobile broadband modems. These vary based on speed capability and single / multiple user capability.

For a description of our mobile radio network, please see "*Networks— Mobile Radio Network*" below.

Central Services

Our central services unit provides core internal support functions, such as finance, credit and cash management, human resources, legal services, regulatory support and compliance, logistics and property services. Non-pay costs comprise mainly power, rent, facilities management, customer services, logistics and professional & regulatory fees.

Sales, Marketing and Customer Care

Sales and marketing

We have one of the broadest distribution networks of all telecommunications operators in Ireland, with 83 standalone stores (including franchise stores) and 165 stores when partner stores are included, as of December 31, 2018.

We support sales and marketing programs with direct marketing campaigns through a wide range of media including TV, telephone, radio, press, outdoor, and the Internet. In July 2018, we moved to an in-house direct media buying model for traditional and digital media, which is unique in the Irish market for advertisers of our scale. In addition, we changed our approach to the production of campaign assets by working directly with production houses, which allows us to remove the cost of agency fees to cut production costs. Those savings have been reinvested in increased media spend to boost our Share of Voice significantly versus our competitors.

We have developed a portfolio of data analytics that is unique in the market, which looks at the market in terms of households. In addition, we have segmented the market into five distinct segments to fully understand what drives customer behavior. This data is used to inform how we sell, communicate and target customers and acts as a competitive advantage. We have developed a differentiated way to classify our customers based on the product holdings within the household. To drive our bundling strategy, offers are targeted to drive the addition of more products to move them incrementally up the value curve to increase ARPU and reduce churn.

We market and sell to business customers through a mix of dedicated field and desk-based account managers for our larger SME, enterprise and government customers and through outsourced contact center partners for our smaller SME customers. The dedicated account managers are trained to deal with the advanced information and communications technology needs of our larger business customers. We have a fully integrated fixed and mobile sales force within the small business market. This enables us to pursue the customer's entire communications spend by leveraging emerging bundled fixed and mobile propositions.

We market and sell to wholesale customers through our wholesale account management team. Account managers are trained to deal with the specific information and communications technology needs of our wholesale customers and are often assisted by the professional project management team and appropriate technical experts.

Customer care and billing

We have nationwide contact center coverage with a new purpose-designed facility in Sligo launched in early 2019 as well as sites located in Cork and Limerick. We offer our customers a comprehensive level of service, accessible from 8 a.m. to 6 p.m., Monday to Saturday for our mobile customers, and for fixed line customers between 8 a.m. to 6 p.m. weekdays as well as 24/7 broadband technical support via webchat or between 8 a.m. to 10 p.m. daily by phone. We also have contact centers in Chennai and Lucknow in India which are managed by HCL and provide web chat support for fixed care, mobile, broadband technical support, sales and social media, which is available to our customers Monday to Friday 8am to 10pm, Saturday and Sunday 9am to 6pm, 365 days a year.

Our customer support channel strategy is continuously evolving, with up to 50% of all contacts now handled through webchat. Our contact centre service is enhanced through the effective use of self-serve functionality using comprehensive online, 'My eir' app and and interactive voice response functionality allowing customers to perform routine transactions, such as view/pay bill or check account balance 24/7, 365 days a year.

In September 2018, we announced that we would end our outsourcing contract for the Irish based call centers early and bring our contact center operations in-house after over twelve years of outsourcing. A key part of this strategy was the decision to close the Dublin based operations and move over 700 positions to existing eir premises in Cork, Limerick and Sligo. This strategic project completed its first stage in March 2019 with the exit from the outsourcing contract and closure of the Dublin operations and will continue through 2019 with a focus on ongoing recruitment, training and support of the new staff. This move will deliver long term improvements to customer experience as we take direct control of contact center operations with a focus on retaining and developing high quality team members who are passionate about providing our customer with excellent customer service.

Ongoing investment in systems has enabled us to improve our overall service proposition. For example, we have implemented a converged billing system which enables us to provide quad-play single billed propositions to the market. We are also investing in enhanced contact center solutions as part of our multi-channel strategy including upgrades to our Genesys call routing platform to include webchat handling capability and deployment of the Verint knowledge management solution.

Networks

Our Networks business unit manages the national transmission, core, IP, fixed and mobile networks which underpin the services offered by our Consumer, Business and Wholesale business units. Our Networks unit also operates our field operations (fixed, core and mobile) as well as service management and monitoring. All significant network infrastructure investment programs are managed within Networks.

Networks develops our technology strategy related to our networks and engages with the Consumer, Business and Wholesale business units to design, develop and manage their technology requirements. Networks also evaluates, selects, pilots and deploys future technologies and provides support for every component of the networks.

eir Core IP Network

We have deployed a nationwide core IP Network ("IP Network"), based on technology from Nokia (formerly Alcatel-Lucent) and Huawei. The network consists of a backbone layer and an aggregation layer, and is based on IP/MPLS routers using Gigabit Ethernet (GE), 10 Gigabit Ethernet (10GE) and 100 Gigabit Ethernet links. Connectivity for the IP network is provided by an underlying optical transport network. This network provides a simple fully integrated network for voice and data services and will in time enable the retirement of many of our existing data networks.

Aggregation nodes are deployed at 196 eir sites, and a Carrier Ethernet network (known as Access Packet Transport, or "APT") is used to extend the reach of the IP Network to 590 fiber exchanges outside the main aggregation footprint. This network provides cost-effective Ethernet transport for DSLAM backhaul and also for other applications such as mobile backhaul and business fiber services.

The IP Network has a number of resilience features including the use of dual-star architecture with most aggregation nodes diversely connected to two backbone nodes, high-availability routers with non-stop routing in the event of a processor failure and in-service software upgrades. The network supports IP Quality of Service and multicast throughout, allowing us to provide multiple services including voice, IPTV, video and business connectivity as well as consumer broadband.

We also have international IP nodes in London for handling internet peering and transit, and IP VPN connections to customers with UK addresses. There are also connections to Internet exchanges in Dublin and Amsterdam along with a number of private peerings.

In addition, our legacy Cisco IP network provides national coverage at approximately 80 locations to support existing customers accessing via TDM leased lines.

A Coriant (formerly Tellabs) Martis network for delivering legacy leased line services is deployed in approximately 900 exchanges, with approximately 3,000 nodes including customer sites. This network provides customer connections for low-rate data speeds from 64 Kb/s to 2 Mb/s, and also provides the access bearer for other services such as ISDN Primary Rate Access and Business IP.

A mobile packet core network provides access to IP services for our mobile broadband customers and is based on a standard architecture. Connectivity between mobile packet core network elements is implemented over the NGN IP network.

Optical transport and transmission network

The core optical transport network ("OTN") is based on an extensive network which provides fiber optic cables, with approximately 13,500 fiber route kilometers lit using Dense Wavelength Division Multiplexing and Coarse Wavelength Division Multiplexing ("CWDM") technologies. Overall, the fiber network consists of over 400,000 optical kilometers of capacity, and it also supports the legacy Synchronous Digital Hierarchy ("SDH") network and customer access to IP and Ethernet NGN services.

The core Wavelength Division Multiplexing ("WDM") network sites use Reconfigurable Optical Add-Drop Multiplexer ("ROADM") technology that supports an 88-channel, 200 Gb/s per channel capable network and which also supports the OTN protocol for sub-100 Gb/s transport. This network has been deployed to the largest 29 towns and cities nationally.

There are approximately 400 WDM and 600 CWDM sites. In more rural areas, extensive use of passive CWDM provides low-cost fiber gain and supports the roll-out of business fiber services using our Access Packet Transport network.

The dominant legacy transmission technology in use is SDH. The SDH network has nationwide coverage and is deployed in approximately 900 exchanges. The architecture is one of National higher-layer rings with speeds of STM16 (2.5 Gb/s) and STM64 (10 Gb/s), and regional lower-layer rings with speeds of STM4 (622 Mb/s) and STM16. Traffic between layers is connected by means of digital cross-connects. Smaller exchanges are connected by means of STM1 rings or linear fiber systems, with some remote sites connected on microwave radio point-to-point systems.

Fixed Access network

We provide broadband services using both ADSL and VDSL2 access technologies, with Gigabit Passive Optical Network ("GPON") for FTTH services. ADSL broadband services are provided at over 1,000 exchange locations with approximately 1.1 million ports deployed. Approximately 96% of all copper paths are connected to a DSL-enabled exchange.

There are two main types of ADSL Digital Subscriber Line Access Multiplexers ("DSLAMs") in use: ATM-based DSLAMs and newer Ethernet based DSLAMs. There are approximately 261,000 ADSL subscribers on the network and some 252,000 of these are served by the newer Ethernet DSLAMs. The DSLAMs are equipped with a mix of DSL line cards capable of supplying ADSL (up to 8 Mb/s) and ADSL2+ services (up to 24 Mb/s).

VDSL2 broadband services are provided from over 923 exchanges and 6,165 roadside cabinets (cVDSL) across Ireland, with over 1.04 million ports in the network, passing 1.6 million homes as of December 31, 2018. The VDSL2 platform supports vectoring, which allows us to support downstream speeds of up to 100 Mb/s and upstream speeds of 20 Mb/s in our standard products, enabling us to deploy our fiber-based NGA broadband network. Currently, there are approximately 629,000 VDSL2 lines in service.

The majority of the 1,000 ADSL exchange locations have ADSL2+ ports. All VDSL lines in service are VDSL2 using band plan 17a. IPTV is available on VDSL and FTTH (GPON) lines, but not on our ADSL or ADSL2+ lines.

GPON-based FTTH is currently being rolled out in rural areas. As of March 1, 2019, 678 exchanges were equipped with Optical Line Termination units (OLT's) to enable FTTH services.

We no longer install copper in new greenfield locations and only installs fiber for the provision of services.

PSTN, Fixed Voice networks and Core Network

The key retail and wholesale products supported include PSTN access, ISDN PRA, and BRA access, carrier selection and pre-selection/WLR (Wholesale Line Rental), national and international wholesale interconnection for origination termination and transit, international mobile roaming, signal routing for other mobile operators, number portability (geographical and non-geographical) and number translation services.

The PSTN/fixed voice network consists of an edge layer with remote switching units ("RSUs") at over 1,200 sites and a class five primary and secondary layer with 46 main switching unit nodes, supported by tertiary layer. In addition, there are also Intelligent Network ("IN") core nodes providing key functions relating to number portability and number translation services, a VoIP platform providing for business trunking and second line consumer service and a voicemail platform providing call answering services.

The PSTN architecture is hierarchical and highly meshed to provide resilience for voice services. The tertiary layer comprises dual-switch node international and national switches with interconnection to OAOs, mobile operators and international destinations. The VoIP platform is connected at the tertiary layer. The tertiary layer has no physical customer terminations.

The secondary layer provides both transit and local exchange capability (i.e. it has customer terminations) and again is highly meshed to provide resilience. The primary layer has both local customer terminations at the exchange site and remote customer terminations at RSUs.

The international switching layer is a dual-switch node, consisting of two Ericsson next generation Telephony Soft Switches comprising IP-enabled soft switches and media gateways, which act as an international gateway for our PSTN network, an interconnect point for OAOs with sufficient international traffic to warrant direct interconnect routes and has an SCCP-relay node to enable international roaming for Irish MNOs. We also connect to the UK PSTN in Belfast.

The Mobile Circuit Switched (CS) Core Network carries all voice and SMS traffic for our 2G and 3G mobile customers. It consists of two Ericsson Next Generation Mobile Soft Switches (MSS) comprising IP enabled soft switches and media gateways. An IP Multimedia Subsystem platform was deployed in 2014, supporting business trunking service for corporate customers, Voice over Broadband service for fixed retail customers and Voice over WiFi for mobile customers. It is planned to extend this platform in 2019 to deploy and support VoLTE. We were the first provider in Ireland to launch VoWiFi, which enables eir mobile customers to use available private and/or public wi-fi access for voice calls and SMS texts. A guest wi-fi platform was also launched in 2017, enabling eir customers to access the Internet over wi-fi at other eir customers' homes, using a portion of the other customers' broadband capacity.

The Mobile Packet Core Network ("MPC") supports data over 2G, 3G and 4G. We are expending renovating the MPC to cope with the data demand of our subscribers and the capacity of our current investment for the Mobile Network. This renovated MPC will also support 5G in 2019.

Fixed Access network

Our fixed access network consists primarily of copper connections using multi-pair cables. The cables are placed overhead on poles or underground in ducts. The copper cables emanate from exchange nodes. In urban areas, these cables are usually connected to cross connection points ("CCPs") using exchange-side (E-side) cables. The CCPs are in turn connected to distribution points using distribution-side (D-side) cables. Some urban cables and most rural cables are directly connected to distribution points (direct-fed network). Almost all of our underground cables are located in duct lines (primarily multi-way ducts).

Mobile Radio Network

We are licensed to operate a mobile network in the following bands: 800 MHz (4G LTE); 900 MHz 2G (GSM) and 3G (UMTS); 1800 MHz 2G (GSM) and 4G (LTE); 2100 MHz 3G (UMTS) and 3600Ghz (LTE & 5G). Our full national mobile network covers 99% of the outdoor population of Ireland with voice and high speed data service. Our Radio Access Network, with 2,038 sites, is designed to provide high levels of service availability in conjunction with excellent coverage, voice quality and data throughput.

We have a balanced spectrum portfolio between low and high frequency, allowing us to provide both high speed mobile access and cost-effective population coverage to our customer base. In the 2012 multiband spectrum auction, we acquired 2×10MHz in the 800MHz and 900MHz Digital Dividend spectrum bands and 2×15MHz in the 1800MHz band. The acquired multiband license is valid until 2030 and we have utilized all acquired spectrum for provision of voice and high speed mobile data services. In the 2017 3.6 GH/z spectrum auction, we acquired 85MHz in the main urban centers and 80 MHz in the rural regions. The 3.6 GHz band will be utilized to develop new 5G services, addressing mobile capacity growth, and the development of fixed wireless broadband services particularly in rural areas. These spectrum rights run for fifteen years, expiring on July 31, 2032.

We launched our 4G (LTE technology) network in September 2013 and now provide 4G service to over an estimated 96% of the population. Our LTE network now carries in excess of 65% of our total mobile data traffic and continues to grow in line with our 4G network expansion.

We expect that our current investment plan for mobile will extend 4G (LTE) to 99% outdoor geographic coverage over the next two years with a focus on transforming our existing network sites while developing new infill sites to target coverage blackspots. Our number of radio sites should increase by 25% through the development of new infill sites and a significant volume of these sites are now in the planning process.

Next Generation Access (NGA)

As of March 1, 2019, our NGA network passed over 1.8 million premises, or 78% of all premises in Ireland. This has been achieved by the deployment of VDSL2 technology in roadside cabinets ("cVDSL") and in our exchanges and more recently the deployment of FTTH services. To date, we have installed 13,500 kilometers of fiber in 8,000 kilometers of sub-duct, using our existing ducts, to support our NGA network. By December 31, 2018, we had extended coverage to 1.9 million premises (including approximately 307,000 FTTH premises passed).

Our initial VDSL2 deployment was to customers served through roadside cabinets, referred to as indirect fed customers. In 2014/2015, following ComReg and Industry agreement, we deployed Exchange launched VDSL2 to serve customers whose local network architecture is directly fed from the exchange, rather than through a cabinet, and a total of 925 Exchange launched VDSL2 nodes (857 Exchange locations) have been deployed to date.

We were one of the first operators in Europe to deploy vectoring technology on our cabinets in 2014, which allowed speeds of up to 100 Mb/s to be offered to our NGA customers. Recent deployment of Node-level vectoring technology, which increases the number of cabinet ports that can be deployed with vectoring, now enables us to provide speeds up to 100 Mb/s across the full NGA cabinet footprint. In addition to high-speed internet access, our NGA network supports our IPTV service.

Network and service management

We operate a Service Management Centre ("SMC") for fixed and mobile voice, fixed and mobile broadband, IPTV and internal services and systems, in Citywest, Dublin. The network management platforms are located in Blanchardstown, North Dublin, with high availability redundant systems, where applicable in Citywest, South Dublin. The Blanchardstown Data Centre also acts as a standby/business continuity site for the SMC in the event that Citywest should be disabled. The SMC proactively monitors our end customer services and networks, including international points of presence. The SMC is supported by a family of integrated network support systems, underpinned by a suite of Information Technology Infrastructure Library compliant processes and procedures. These systems and processes allow monitoring and control of the services and network remotely, from a single location and allow prompt and appropriate response to all network events.

The network is monitored at all times at the SMC and is supported by expert groups within our operations and design areas. When on-site work is required, SMC staff dispatch a member of our national field force, which consists of skilled technicians located throughout Ireland.

Networks field force

The build and maintenance of our networks is the responsibility of the field operations organization. The main activities this group undertakes include nationwide repair and maintenance of all our Networks, Fixed Access Network, Mobile Radio Network, Core Network, IP and Transmission Network. This group also has responsibility for building the Fixed Access Network, Core Network, IP and Transmission Network, provisioning of PSTN, DSL broadband, IPTV and NGA for our business units, and delivery of the NGA infrastructure roll-out program. The build of our Mobile Radio Network is subcontracted to the vendor of the equipment.

IT

IT develops the technology solutions that enhance our products and services and sustain our growth. Transformation initiatives being delivered across IT include: Business Support Systems transformation (aimed at delivering a modernized, simplified Business Support Systems and digital environment while retiring legacy platforms); Wholesale Billing Transformation to completely separate Wholesale and Retail billing information onto separate IT stacks; and Legacy IT Decommissioning which is focused on consolidating duplicate legacy solutions and retiring end of life platforms to de-risk and reduce the cost of our IT estate. The IT delivery philosophy is to favor building solutions internally, retaining intellectual property and controlling future operational costs rather than sourcing off the shelf products. Operational stability is a constant priority, with close management of our third party managed service supplier a major focus for the IT Operations team. Cost reduction is key objective for IT with a particular focus on reducing the cost of license maintenance and operational support for our legacy IT estate.

Competition

We face strong competition in the Irish fixed line and mobile telecommunications markets. We have sought to address competitive pressures through our fiber roll-out, expansion into TV content and 4G investments, which have allowed us to offer a full range of services, especially in competitive urban areas, through the introduction of bundled offerings.

Fixed line

Since the liberalization of the Irish fixed line telecommunications market, our overall retail fixed line market share has declined as a result of competition from retail fixed line operators such as Virgin Media (formerly UPC), Sky, and Vodafone. In addition, SIRO, a joint venture between the ESB, the incumbent power network company in Ireland, and Vodafone is rolling out FTTB to selected urban and semi-urban areas using fiber attached to the access infrastructure of the ESB.

Fixed line broadband services also face competition from independent fixed wireless access providers that service primarily rural areas which do not have access to high-speed fiber broadband. The largest of these operators, Imagine, announced in February 2019 that it intends to roll-out a new high-speed broadband service offering speeds of up to 150 Mbp/s to 325 of its sites in rural and regional areas by June 2020.

Mobile

There are currently three MNOs in Ireland: Three, Vodafone and eir. There are also a number of MVNOs currently active in the market, including Tesco Mobile and Virgin Media. iD Mobile, an MVNO launched by the mobile phone retailer Carphone Warehouse in 2015, ceased trading in 2018. Competition for customers among mobile communication providers is based principally upon the services and features offered, technical quality of the mobile network and its coverage, customer service, capacity, and price, with the introduction of growing numbers of packages bundling minutes, SMS and broadband downloads. Each of the three MNOs have announced plans to launch 5G services to customers within the next twelve months.

Insurance Cover

As an integral part of our risk management program, we purchase insurance to mitigate a number of risks including property damage and contingent business interruption, employer, public and motor liabilities, director's and officer's liabilities, professional indemnity liabilities, cyber-attack liabilities. Insurance cover for these risks is provided to eir within self-insured deductibles for individual claims which may change on policy renewal from time to time. This program is renewed on an annual basis. In addition to the above insurance covers which are renewed annually, we have also purchased "extended director's and officer's liability run-off" insurance covers and public offerings insurances following previous corporate financing transactions, some of which remain in force. We believe the levels of risks insured, risks retained and the limits of insurance indemnity are broadly in line with similar companies in the same industry sector.

Outsourcing

In September 2018, as part of our strategy to have a more direct engagement between our staff and our customers to improve our customer service and on customer satisfaction, we announced the decision to move our customer contact centers in Ireland back in-house to new locations outside of Dublin in Sligo Cork and Limerick. The contact centers services had been managed by global technology company, HCL Technologies. HCL will continue to provide non-voice services to eir, including web-chat and back office services.

We have an IT outsourcing agreement with Tech Mahindra Limited for services that were previously provided by 140 of our employees.

Intellectual Property

No material portion of our business is dependent on eir specific or unique patents, licenses, industrial, commercial or financial contracts or new manufacturing processes, other than those generally found in similar telecommunications businesses.

Properties

As of June 30, 2018, we occupied approximately 1,218 properties (excluding Tetra mast sites and eir mast sites) for principally telephone exchanges, area engineering headquarters, offices, standalone mast/radio sites and cable stations. Of these properties, 942 are freehold, 66 are held under long-term leases (leases with a term in excess of 50 years), 52 are held under short-term leases/licenses (leases with a term of less than 50 years), 143 are properties owned by the Irish State (in which we have rights to remain in occupation), and 15 are owned by the Irish Postal Authority, An Post, and are occupied by us based on statutory rights granted to us under the Postal and Telecommunications Services Act, 1983.

We have moved staff out of our previous corporate headquarters at Heuston South Quarter to other existing eir locations in Citywest and elsewhere in Dublin. Our former headquarter building comprises two leases – 1HSQ & 2HSQ. We have sublet the entire of the 2HSQ lease and are working to sublet 1HSQ. Both head leases expire in 2033.

As of February 2019, our mobile division also occupied approximately 2,060 mast sites, of which three are owned freehold by Meteor Mobile Communications, trading as eir 51 are held under lease from Cignal, typically for a 100 year term. A total of 1,569 are licensed to Meteor Mobile Communications, trading as eir (of which we share 344 with Three Ireland under the Network Sharing Agreement) and 488 are licensed to Three Ireland, and we have rights to share occupancy under the Network Sharing Agreement. Approximately 239 are greenfield mast sites with the remainder a mix of commercial rooftops and structures from third party providers and held under license (typically for a term of less than 20 years).

We are now undergoing a full mobile network upgrade and will expand the network by approximately 500 additional sites. These sites have been specifically identified to address coverage blackspots and we have contracted Cignal and other partners to develop these sites on behalf eir. We expect that the Mobile upgrade program will be completed over the next two years to extensively enhance both voice and high speed data service throughout Ireland.

A franchise partner manages and operates 41 eir branded stores under a five year term agreement ending in October 2021. We also lease 42 retail outlets under various lease agreements, 35 with less than ten years remaining to the next break and 7 with more than ten years remaining as of December 31, 2018. In 2019, four of our retail outlets will have breaks in the lease, while six retail outlets will have breaks in 2020. We are actively looking to renegotiate these leases in order to reduce the cost of operations. From time to time, we buy, sell and exchange our properties as market conditions and operations needs evolve.

As of December 31, 2018, Tetra occupied 592 mast sites, including 74 under license from eir. All of these sites are held under short-term leases or licenses. The economic benefit of 69 of the mast sites licensed by us to Tetra was assigned on April 1, 2010 to a third party.

Employees and Industrial Relations

The total number of persons (Full Time Equivalents) employed by us as of June 30, 2018, June 30, 2017 and June 30, 2016 were as follows:

	As of June 30		
	2016	**2017**	**2018**
Fixed line			
Operational/technical	2,114	2,072	1,825
Sales/customer support	665	617	482
Administration	259	266	192
Total fixed line	**3,038**	**2,955**	**2,499**
Mobile	326	324	299
Total fixed line and mobile	**3,364**	**3,279**	**2,798**

We are one of the largest employers in Ireland, and the substantial majority of our employees are employed in Ireland.

We have a well-developed collective bargaining relationship with our trade unions. We employ graded staff who are employed on collectively negotiated terms and conditions, and non-graded staff, who are employed on a personal contract/service agreement basis. Graded employees' terms and conditions are the subject of collective bargaining agreements, primarily, but not exclusively, negotiated through the Joint Conciliation Council which is our main collective bargaining forum. The trade unions who participate in this forum are the Communications Workers Union (the main union in the Group) and Forsa.

Corporate Social Responsibility

We have a long term commitment to corporate social responsibility (CSR) practices demonstrated by the company's 34-year partnership with Special Olympics Ireland. This is the longest sustained charity-corporate relationship in Ireland. eir is one of only 33 companies in Ireland to have been certified to The Business Working Responsibly Mark for the company's responsible and sustainable business practices. This is the only independently audited standard for CSR and Sustainability in Ireland. The Mark is audited by the NSAI and based on ISO26000. eir has won several national CSR awards for CSR, Diversity & Inclusion, employee engagement, charity partnership activation and most recently, the 2018 Chambers Ireland Workplace award for the eir Wellness program.

Litigation

Except as disclosed below or as disclosed in "*Regulation—The Regulatory Regime*," we are not engaged in or, so far as we are aware, have pending or threatened, any government, legal or arbitration proceedings which may have, or have had in the last twelve months, a significant effect on our financial position or results of operations.

Hearing loss claims

As of December 31, 2018, we had received notice of personal injury claims for alleged hearing loss from 116 current and former employees, from which 12 sets of proceedings have been served and are active. We have denied liability in all of the claims and intend to vigorously defend all proceedings issued in respect of hearing loss claims.

Allegations of anti-competitive practices

In October 2002, ComReg determined that we were not in compliance with our obligations under the voice telephony regulations, as we provided telephone services to specific customers at prices which were not in accordance with the specific terms and conditions of our discount schemes and published prices. No penalties were levied on us as a result of this determination. In December 2002, Ocean Communications Limited and

ESAT Telecommunications Limited issued proceedings in the Irish High Court against us seeking damages including punitive damages resulting from the matters that were the subject of the ComReg determination. We submitted our defense on January 26, 2004, and intend to defend the proceedings vigorously. No further action has been taken by the plaintiffs in the twelve years since they amended the plenary summons and statement of claim. We do not expect the plaintiffs to take any further action, and even if they attempted to do so, we believe, based on independent legal advice, that the proceedings would be struck out for want of prosecution.

Claims by Smart Telecom

On June 8, 2005, Smart Telecom instituted proceedings against us in the Irish High Court, in relation to an interconnection agreement and the provision of LLU access. In December 2009, Smart Telecom went into liquidation. We do not expect the plaintiff to take any further action and even if it attempted to do so, we believe, based on independent legal advice, that the proceedings would be struck out for want of prosecution.

Asbestos claims

As of December 31, 2018, approximately 131 premises, currently or previously occupied by us contain or have contained asbestos and these have been controlled and monitored. In 1987, we began a program of removing asbestos from some of our premises and introduced safety measures and a warning procedure. Claims have been received from approximately 107 employees or former employees alleging injuries caused by exposure to asbestos. Of these, nine claims were settled, withdrawn or never proceeded beyond an initial letter of claim. The remaining 98 actual claims relate to one particular set of premises we occupied in 1985 where the presence of asbestos was identified. A composite Irish High Court action for unquantified damages and costs initiated on behalf of 92 of these employees has remained dormant since 1997. The remaining six claims have remained inactive for several years. The Plaintiffs in most cases issued proceedings in order to protect their position in relation to the statute of limitations, but in the absence of any asbestos illness having developed. Asbestos related illnesses carry an average latency period of around 40 years. Given the uncertain nature of this kind of litigation, and the lengthy period of time before asbestos related injuries become manifest, there can be no assurance that future claims will not be made against us. We do not expect any material adverse impact on our results of operations or financial position based upon the claims which have been made.

Data center construction defect

We occupy a number of data centers. A construction defect was identified in a specific center. We entered into negotiations with the landlord which culminated in the parties entering an agreement on February 6, 2013 under which the landlord accepted responsibility for the construction defects and has carried out, at its own cost, the necessary remedial works to remedy construction defects identified at the property in a manner that has facilitated our current operation of the data center.

There is a risk involved in carrying out any future remediation works at a live data center in that penalties could potentially be invoked by the individual customers under their service level agreements if a breach/ interruption of use is not remedied in accordance with the time limits prescribed in the service level agreement. However, any requirement for further invasive remediation works during eir's current lease period is considered to be remote based on the ongoing monitoring regime which has been in place since the completion of the previous remediation works.

Claim for title by the State in respect of the Ship Street and Leitrim House properties

eir, and its predecessor before privatization, the Department of Posts and Telegraphs, has been in occupation of the Leitrim House and Ship Street exchange properties in Dublin city center from the 1920s. Leitrim House contains a number of offices and Ship Street is a key telecoms exchange. The Minister for Finance has claimed that the State has title to the properties and issued a plenary summons on July 12, 2013 seeking possession. Following a number of exchanges between eir and the State, the last of which was served by eir on August 17, 2015 the proceedings have been dormant since that time and eir remains in occupation.

Claim by Towercom Limited

On March 23, 2016, Towercom Limited issued High Court proceedings against eircom Limited (Jersey) but only served the proceedings on eircom Limited (Jersey) on March 20, 2017. The proceedings referred to a settlement agreement dated March 27, 2010 made between the parties and seeks specific performance damages, interest and costs. A Statement of Claim was served on March 16, 2018 and eircom Limited intends to vigorously defend the proceedings. The proceedings have been dormant since that time. In recent months eir and Towercom have been in discussion regarding all matters in dispute between the parties with the intention of resolving all matters in dispute between the parties, including these proceedings.

Data Protection Claims

Following two recent data breaches, we have received twelve sets of Circuit Court proceedings from data subjects impacted by these breaches. All such cases claim damages under Article 82 of the General Data Protection Regulation. It is likely that these proceedings could be heard in the Circuit Court before the end of 2019. There is also a risk that other data subjects impacted by these breaches could take a case against eir.

Copyright Claims

eir, along with other Irish ISPs, is subject to a number of court orders from the music and movie industries whereby it is required to stop illegal streaming and downloading of music and movies. It is likely that in the near future the Premier league will issue court proceedings against eir and other major Irish ISPs to stop illegal streaming of premier league football matches in the Republic of Ireland.

REGULATION

Overview

The basic framework for regulation of the Irish telecommunications market derives from the EU Regulatory Framework consisting primarily of five Directives adopted by the EU in 2002 and amended in 2009, including the Framework Directive and four other specific directives, namely the Access Directive, the Universal Service Directive, the Authorization Directive and the Directive on Privacy and Electronic Communications. The main policy objectives of the EU Regulatory Framework are to protect customers including through Universal Service Obligations imposed on one or several operators, to facilitate market entry by simplifying authorization and licensing conditions, and to use a market-focused mechanism for assessing and designating operators with SMP (a concept akin to the competition law concept of dominant position) and subject to specific obligations (which may extend in certain specific circumstances to functional separation). The Framework Directive provides operators with procedural rights including recourse to challenge the decisions of national regulatory authorities ("NRAs") and NRAs are subject to strict procedures in imposing SMP designations and obligations.

This basic framework for regulation of the Irish telecommunications market is laid out in a series of legislative acts and statutory instruments ("SIs"), which have facilitated the development of competition, principally through the implementation of various EU directives relating to telecommunications. The principal relevant legislation includes the Communications Regulation Act 2002, the Communications Regulation (Amendment) Act 2007, the Communications Regulation (Premium Rate Services and Electronic Communications Infrastructure) Act 2010 and five SIs, the European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 (SI No. 333 of 2011), the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011 (SI No. 334 of 2011), the European Communities (Electronic Communications Networks and Services) (Authorisation) Regulations 2011 (SI No. 335 of 2011), the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011 (SI No. 336 of 2011) and the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 (SI No. 337 of 2011). These SIs were adopted on July 1, 2011 and transposed the five EU Directives as amended by the two 2009 EU Directives. Parties affected by ComReg's decisions and regulations may exercise a right of appeal in the Irish High Court.

The aim of the EU Regulatory Framework is, over time, to allow the transition of the governance of electronic communications networks from sector specific ex ante regulation to general competition law. In the long term, the amount of regulation should lessen as competition within the sector continues to grow. In the short to medium term, however, ex ante sector specific regulation is expected to remain the predominant form of regulation.

In December 2018, the EU adopted the European Electronic Communications Code amending and codifying the Framework Directive, Authorisation Directive, Access Directive and Universal Service Directive which generally maintains the governing principles of the current framework. The code must be transposed into Irish law by December 2020.

On January 10, 2017, the European Commission published its proposal for a Regulation concerning the respect for private life and the protection of personal data in electronic communications (Regulation on Privacy and Electronic Communications) and repealing Directive 2002/58/EC (i.e. the Directive on Privacy and Electronic Communications). The new regulation is going through the legislative process. It will harmonize the protection of electronic communications throughout the EU, will strengthen e-privacy rules (to be enforced by the relevant data protection regulators in the EU) and that businesses will benefit from a single set of directly applicable EU rules.

The Regulatory Regime

ComReg

The 2002 Framework Directive provides for the establishment of a national regulatory authority to be charged with any of the regulatory tasks assigned in the EU Regulatory Framework. The present legislation vests all responsibility for regulating the electronic networks and services and premium rate services sectors in Ireland in ComReg, with certain minor residual functions having been retained by the Minister for Communications, Climate Action and Environment. The Minister for Communications, Climate Action and Environment may also, in the interest of proper and effective regulation of the electronic communications market, give policy directions to be followed by ComReg in the exercise of its functions. ComReg is led by a commission comprised of up to three commissioners and the chairman of ComReg is appointed by the Minister for Communications, Climate Action and Environment from among these three commissioners. There are currently three commissioners.

Broadcasting content services fall outside the remit of ComReg and are regulated by the Broadcasting Authority of Ireland (the "BAI"). The Broadcasting Act 2009, which merged the BCI and the Broadcasting Complaints Commission into a single content regulator, the BAI, provides for the modernization of radio licenses including the option of "fast-tracked" applications, license enforcement and legal definitions regarding TV license and contract awards. It also transposed the TV elements of the Audiovisual Directive, which are relevant to IPTV and DTT.

ComReg regulates electronic communications networks and services principally through a system of general authorization (ComReg 03/81R6, dated June 1, 2018), licenses for premium rate services (content, data services and value-added services that are charged to a customer's telephone bill), licenses for radio frequency and rights of use for numbers.

We operate our telecommunications business in Ireland under this regime. The most important authorization under which we operate our business is the General Authorization published by ComReg (ComReg 03/81R6) which sets out the terms and conditions that all providers of electronic communications services and networks must comply with in Ireland. We also hold various individual radio frequency licenses under the Wireless Telegraphy Act 1926 including, through our subsidiary Meteor Mobile Communications Ltd, mobile spectrum licenses.

Enforcement powers

ComReg has the power to request information to enable it to verify compliance with license and general authorization conditions, including SMP conditions, and may apply to the Irish High Court for an appropriate court order requiring compliance, including an order directing that a financial penalty be paid. If such an order is granted, the penalty is paid to ComReg. There is no limit set in statute as to the maximum financial penalty which the High Court may impose; in deciding the amount of the financial penalty, the High Court must consider the circumstances of the non-compliance including its duration, the effect on consumers, users and other operators, ComReg's submission on the appropriate amount and any excuse or explanation for the non-compliance. In addition, under the Communications Regulation (Amendment) Act 2007, the Minister for Communications, Climate Action and Environment may, in making regulations for the purpose of giving effect to a provision of EU law, provide for an offence under those regulations to be triable summarily or on indictment, with maximum fines of up to €5 million or 10% of an operator's revenue, whichever is greater. The current SIs (see "*Regulation—Overview*") are made pursuant to the European Communities Act 1972, and when they provide for an offence, the maximum penalties provided are set, in the case of a body corporate, at a fine not exceeding €500,000 on indictment.

ComReg has the power to carry out investigations, on its own initiative or following a complaint, and to collect and publish information accordingly. In addition, ComReg has the power to suspend or withdraw an authorization, license or right of use where, in its opinion, there has been serious or repeated non-compliance with the conditions attached to such general authorization, license or right of use, or failure to meet a specific obligation relating to SMP or universal service. ComReg may amend authorizations, licenses and rights of use from time to time "where objectively justifiable, and in a proportionate manner." ComReg may also apply to the High Court to seek the immediate suspension of premium rate services which it considers to be in breach of the relevant license conditions.

There is currently one outstanding opinion of non-compliance (case 1059) where ComReg had found that we are in breach of obligations under Regulation 14(1) and 14(2) d of the Universal Service Obligations (SI 337 of 2011). ComReg can seek a financial penalty and/or specific actions from eir to remedy the alleged breach through an application to the High Court.

The Data Protection Commission is entrusted with the enforcement of a number of obligations to which we are subject under the Privacy and Electronic Communication Regulations (SI 337 of 2011) referred to above. The Data Protection Commission is also responsible for enforcement of the Data Protection Acts 1988 to 2018, to which we are also subject.

Competition and Consumer Protection regulation

ComReg also has powers, concurrent to those of the Competition and Consumer Protection Commission (CCPC), to investigate anti-competitive practices, including anti-competitive agreements and concerted practices and abuses of a dominant position in the marketplace related to the provision of electronic communications services and networks. The Irish Competition Act 2002 (as amended) regulates competition generally by prohibiting anti-competitive arrangements and abuse of a dominant position, and by providing for pre-approval of certain mergers and acquisitions. The CCPC was created in 2014 following the merger of the Irish Competition Authority and the National Consumer Agency. The CCPC is responsible for the administration and enforcement of the Competition Act and consumer protection legislation (both of which we are subject to). A person found guilty of an offence under the Competition Act may be liable for fines of up to the greater of €5 million or 10% of turnover and/or imprisonment for up to ten years. Sanctions can also be imposed for breaches of consumer protection legislation. Under the Communications Regulation (Amendment) Act 2007, ComReg was granted the power to investigate compliance with, and enforce, the provisions of the Competition Act prohibiting anti-competitive arrangements and abuse of a dominant position insofar as they relate to practices in the electronic communications sector. ComReg has the authority to conduct on its own initiative investigation into anti-competitive behavior or regarding a formal complaint of such behavior. A body convicted of competition offences may also have to pay the costs of investigation and court proceedings. Amendments to the Act since July 3, 2012 make it easier for private individuals affected by anti-competitive practices to prove an action for damages against a cartelist, once public enforcement proceedings have successfully been taken. The European Union (Actions for Damages for Infringements of Competition Law) Regulations 2017 (S.I. No. 43/2017) apply to actions for damages for infringements of competition law that occur on or after 27 December 2016. In addition to the above, we are also subject to EU competition law. Enforcement of EU competition law is undertaken by the European Commission as well as national authorities including, in Ireland, ComReg and the CCPC.

General Authorizations, Licenses and Rights of Use

We are not permitted to delegate, grant or otherwise transfer any right, interest or entitlement in its general authorization to another person. ComReg has extensive powers to enforce or modify conditions to general authorizations, licenses or rights of use, and to issue directions under those conditions. It is an offence to fail to comply with the conditions of a general authorization, license or right of use.

Levies

ComReg levy and Spectrum Usage Fees

All authorized entities, including eir and Meteor, are required under their respective general authorizations to pay an annual levy, equal to 0.2% of relevant annual turnover, to ComReg to defray its administrative costs. "Relevant annual turnover" is defined as turnover excluding VAT for the provision of electronic communications services or networks and includes turnover from electronic communications networks and services provided to other authorized operators and their subsidiaries. Until such time as the relevant annual turnover for a financial year is known, the quarterly installments paid to ComReg are based on the most recent relevant annual turnover statement available.

Premium Rate Services

Network providers that facilitate the provision of premium rate services, and premium rate service providers pay a levy of 1.8% of premium rate services revenue (equally divided between the premium rate services provider and the host network operator). This levy applies to retail revenue for premium rate services, and is "ring fenced" from the general electronic communications networks and services levy.

Numbering

The use of national numbering resources is governed by ComReg's Numbering Conditions of Use (ComReg 15/136R1) last updated in June 2018. The conditions of use allow for the automatic withdrawal of rights of use of both code and number range where an undertaking's premium rate services license, authorization or other approval to operate is suspended or withdrawn for compliance failures.

Access to the emergency services

Under the Universal Service Regulations (SI No. 337 of 2011), all electronic communications services providers which provide end users with a service for originating national calls to a number or numbers in the national numbering scheme, including VoIP providers, must ensure that such end-users, including disabled end-users, are able to call the emergency service free of charge. Providers of publicly available telephone services must also take all necessary measures to ensure uninterrupted access to emergency services.

The Communications Regulation (Amendment) Act 2007 allows the Minister for Communications, Climate Action and Environment to award a contract for the operation of the Emergency Call Answering Service ("ECAS"), i.e. the "999" and "112" services. Following a tender process, the contract to provide the ECAS was awarded to BT for an initial five-year period, and since September 2010, BT handles all calls to the ECAS. A call handling fee, subject to a ceiling reviewed annually by ComReg, is payable to BT by operators, including eir and Meteor, on whose networks a "999/112" call originates. The Department for Communications, Climate Action and Environment exercised its right to extend the term of the contract with BT for a maximum of two years and subsequently has extended the contract with BT following a tendering process.

Consumers

Under the Universal Service Regulations (SI No. 337 of 2011), the provision of publicly available electronic communications services to consumers and certain end-users must be done in accordance with a contract which must include a number of specific provisions. Any modification to the contractual conditions must be communicated to the customers concerned at least one month in advance of implementation together with a notice of their right to withdraw without penalty from such contract if they do not accept the modification. The Universal Service Regulations set limits as to the maximum minimum term period for contracts, namely 24 months, and require that subscribers are able to subscribe to a contract of a maximum duration of 12 months. Without prejudice to minimum contractual period, providers must ensure that their conditions and procedures for contract termination do not act as a disincentive to a consumer changing service provider.

The Universal Service Regulations also provide for the right of subscribers to retain their numbers independently of the service provider that they choose. Geographic number portability permits a customer with a telephone number that was assigned based on geographic location to retain that telephone number when changing local service providers, provided the customer's telephone line remains physically located within the same geographic area. Non-geographic number portability permits customers with numbers that are standard throughout the country, including Freefone and premium rate service customers, to migrate to another service provider without changing their telephone number. Number portability is intended to remove the significant barrier to competition believed to result from customers having to change their telephone numbers if they wanted to change service providers.

Under the Universal Service Regulations reflecting the provisions of the Universal Service Directive as amended in 2009, the porting of numbers and subsequent activation is required to be carried out in the shortest possible time and in any event within one working day after the subscriber has concluded an agreement to port the number with loss of service during the porting process to be minimized and not to exceed one working day.

The General Authorization contains a number of Consumer Protection Rules including the requirement that all fixed line operators place certain references on a consumer's bill. These include the customer telephone number, customer account number and the circuit reference number for LLU lines. This requirement seeks to facilitate switching between providers on our network including win-backs for us. In addition, in 2013, specific requirements were included in the General Authorization concerning Itemized Billing and Billing Mediums, including obligations to issue bills free of charge and within a reasonable period in advance of each payment due date; the obligation to provide a customer with fully itemized bill or non-itemized bill and not change the level of itemization provided without the Customer's consent; and certain restrictions on the use of medium other than paper on which bills are issued.

On May 29, 2014, ComReg adopted its Decision D04/14 (ComReg 14/52) imposing on all authorized operators providing publicly available telephone services obligations to adopt some measures to ensure equivalence in access and choice for disabled users including accessible complaints procedures, an accessible top-up facility for prepay mobile end-users, accessible directory enquiries, accessible billing and an accessible facility to test the compatibility of terminal equipment or an appropriate returns policy. In addition, providers are required to ensure that the information concerning products and services, including information provided to the majority of end-users is accessible to disabled end users. They are also required to establish and maintain a facility to enable disabled users to register their requirements. We are also subject to a code of practice for Tariff Transparency (ComReg Decision D11/04) which ComReg introduced with the stated objective of ensuring that service providers present tariff information that is accurate, comprehensive and accessible. The Code applies to standard tariffs covering access, all types of usage charges and maintenance charges, including details of standard discounts applied and special and targeted schemes. Moreover it is an offence under section 45 of the Communications Regulation Act 2002 as amended in 2007 to charge for supplying an electronic communications service an amount that exceeds the amount specified in the provider's published tariffs or in a written statement previously given to the customer, or for supplying a service that was not requested by the consumer or for a service that was requested by a consumer but not supplied.

We must maintain a Code of Practice for Complaint Handling under which we must seek to resolve customer complaints within 10 working days. The minimum requirements for the Code of Practice are set out in ComReg Decision D04/17 (ComReg 17/62).

ComReg has established an interactive website for consumers, www.callcosts.ie. This website covers mobile, fixed line and broadband services.

Measures to reduce the costs of deploying high-speed public communications networks

The European Union (Reduction of Cost of Deploying High-Speed Public Communications Networks) Regulations 2016 (SI No. 391 of 2016) adopted in July 2016 provide for a number of measures designed to reduce the costs of deploying high-speed broadband networks by facilitating access to existing physical infrastructure. In particular, public network operators are required to make available information regarding their physical infrastructure, meet reasonable requests for access to the physical infrastructure of their networks, coordinate civil works upon request from another operator and facilitate access to property where required by another operator to install connections to high-speed networks. The Regulations provide for a dispute resolution process before ComReg.

USO Regime

In order to ensure that all users in Ireland have access to a defined set of basic telephony services independent of their geographical location and at an affordable price, ComReg may under the Universal Service Regulations designate Universal Service Providers (USP) tasked with the provision of relevant services, whether or not the provision of those services is economic. The USO has the following components: (i) obligation to meet all reasonable requests for telephone lines to fixed locations throughout the state; (ii) provision of a telephone line capable of functional Internet access; (iii) making available a comprehensive printed telephone directory to end users; (iv) provision of public payphones to meet the reasonable needs of end users; and (v) affordability measures. Broadband and mobile services are not part of the USO.

eir is currently the only USP in respect of the following services:

- The provision of payphones: under ComReg Decision D01/19, we are required to maintain payphones throughout Ireland until December 31, 2020, subject to a removals policy including threshold usage below which we may remove public payphones.
- The provision of a comprehensive printed directory or directories to subscribers: under ComReg Decision D17/18, we are required to make available a comprehensive directory or directories to subscribers on an opt-in basis during 2019.
- The provision of telephony services including connection and access at a fixed location (including an obligation to apply geographically averaged prices throughout the country in respect of USO services and to provide for control of expenditure services or measures): On July 29, 2016 ComReg designated eir as USP for access at a fixed location for the period July 29, 2016 to June 30, 2021 (Decision D05/16, ComReg 16/65). The requirement to meet reasonable requests for a connection at a fixed location is subject to two thresholds. If the cost of providing service is below the threshold of €1,000, we are obliged to consider the request as "reasonable" and supply service for the standard connection fee. If the cost is above €1,000 and below €7,000 then the request may not be considered reasonable if there is alternative infrastructure or alternative technology available that could provide an equivalent service at the premises. If the cost is above the threshold of €7,000, we are required to supply service where the customer agrees to pay the amount in excess of the threshold, in addition to the standard connection fee. If the alternative technology is mobile and the cost is between €1,000 and €7,000 the customer can refuse to accept the service and ComReg would have to adjudicate as to whether it was an equivalent service. With regard to provision of functional Internet access, ComReg has maintained a minimum data rate of 28.8 kb/s with a target of 94% of telephone lines to be capable of achieving functional internet access.

Compensation

We do not currently receive compensation for fulfilling our USO. The establishment of a sharing mechanism, including in the form of a fund, is required under the EU Universal Service Directive of 2002 and the Irish Universal Service Regulations where the net cost of the USO is found to amount to an unfair burden on the USP. On May 31, 2011, ComReg published Decision D04/11 (ComReg 11/42) on the methodology for costing USO and the requirements which we must meet in applying for funding. Our USO funding application for the period 2009/2010 submitted in May 2012 in the amount of €6.22 million (ComReg Information Notice 12/57) was refused by ComReg by way of ComReg Decision D01/14 (ComReg 14/03). ComReg found that the net cost of the USO for eir's financial year ending June 30, 2010 was €5.1 million and that it did not represent an unfair burden for us. We lodged an appeal with the Irish High Court which we subsequently settled out of Court. It was agreed between the parties that no precedent had been set as regards in particular the determination of what constitutes an unfair burden. There are currently six applications for USO funding before ComReg in respect of the periods 2010/2011, 2011/2012 and 2012/13, 2013/2014, 2014/2015 and 2015/2016.

ComReg previously issued consultations in response to five of the applications for funding and has found that a net cost exists but the level of cost is not an unfair burden to eir. The applications in total amount to €58 million. On April 18, 2019, ComReg published six decisions in relation to our applications for funding, in which ComReg did not accept that the cost was an unfair burden on eir.

In 2011, ComReg consulted on principles that could govern cost sharing if it was found that there was a net cost for us in providing the USO which amounted to an unfair burden (ComReg 11/77). ComReg proposed that operators contribute to a USO fund in proportion to their revenue subject to a minimum threshold of €0.5 million. ComReg has not yet published a final decision.

Performance targets

Under the Universal Service Regulations, ComReg is authorized to set binding performance targets in respect of the obligation to provide connections and access and such other elements of the USO as ComReg deems appropriate. ComReg Decision D03/17 requires eir to achieve mandatory performance targets for the period February 2, 2017 to December 31, 2018, defined in terms of speed of connection for new telephony customers and service availability (being a combination of line fault occurrence and speed of fault repair). Service availability is defined in terms of maximum working days of outage per line and Decision D03/17 imposed annual targets at both national and sub-national levels. On March 3, 2019, ComReg adopted Decision D02/19 reimposing the performance regime for a further period from April 1, 2019 to June 30, 2021.

National Directory Database

The national directory database ("NDD") contains all telephone numbers listed in public directories or available through directory enquiries. ComReg designated us as the NDD operator for the period to March 31, 2019 (ComReg Decision D07/18) as the result of which we are required to manage and keep the NDD up-to-date. ComReg Decision D16/18 designates another company as the NDD operator and we are in the process of transitioning the operation of the NDD.

SMP Regime

The EU Regulatory Framework provides for the designation by NRAs of operators with SMP in markets that meet certain criteria for ex ante regulation. An operator will be designated as having SMP in a particular market if it has a dominant position in that market, as determined in a manner consistent with competition law practice. Once an operator has been designated as having SMP in a market, the NRA is obliged to impose at least one of the obligations listed in the Access Directive and must impose all such obligations on that operator as are considered appropriate, which may include the regulatory remedies of access, transparency, non-discrimination, accounting separation and cost accounting, and price control/cost orientation. Furthermore, where an NRA finds that these obligations have failed to achieve effective competition and that there are important and persisting competition problems or market failures identified in relation to the wholesale provision of certain access product markets, it may impose an obligation of functional separation, subject to the European Commission's approval.

Markets that are susceptible to ex ante regulation are listed in a Recommendation of the European Commission revised from time to time. The European Commission's initial recommendation in 2003 included 18 relevant markets. In November 2007, the European Commission revised the list of recommended markets, reducing their number to seven. In October 2014, a second review by the European Commission was completed revising the number of recommended markets to five. Under the Framework Directive, NRAs are obliged to conduct a market analysis of the markets listed by the European Commission and designate operators with SMP as appropriate and impose obligations, following prior notification to the European Commission. The European Commission may object to the definition of a relevant market and the designation of the SMP operator but it cannot veto the remedies chosen by the NRA. NRAs may regulate other markets but the European Commission may veto such a decision. The European Commission conducted a public consultation from 27 March 2017 to 26 June 2017 on the review of the SMP Guidelines of 2002 with a view to updating them in tandem with the implementation of the new European Electronic Communications Code. Revised SMP guidelines were published in April 26, 2018.

The European Regulatory Framework requires the review of regulated markets every three years and that a market analysis is carried out to determine whether or not there is in fact effective competition in that market. New remedies may not be imposed without such a review, nor may existing remedies be removed without a market analysis, even where a regulated market is removed from the European Commission's list of markets susceptible to ex ante regulation.

ComReg's implementation of the market analysis process is ongoing. The following table lists the seven markets recommended by the EU in November 2007 along with the equivalent 2014 recommended markets, and the operators designated with SMP by ComReg.

2007	2014 Market	Market	SMP Operator(s)	ComReg Decision	Date
1	N/a	Retail Fixed Narrowband Access (Business & Residential)	eir	Decision D12/14 (ComReg 14/89)	August 2014
2	N/a	Wholesale Fixed Call origination (2)	eir	Decision D05/15 (ComReg 15/82)	July 2015`
.				Decision D03/16 (ComReg 16/39) (Price Control)	May 2016
3	1	Wholesale Fixed Call termination	eir and six OAOs (3)	Decision D06/07 (ComReg 07/109)	December 2007
4	3a	Wholesale Local Access at a Fixed Location (4)	eir		
.				Decision D03/16 (ComReg 16/39) (Price Control) ComReg D10/18 (SMP) ComReg D11/18 (Price control) ComReg D12/18(Bundles)	May 2016 November 2018
5	3b	Wholesale Central Access at a Fixed Location (6)	eir		
.				ComReg D10/18 (SMP) ComReg D11/18 (Price control) ComReg D12/18(Bundles)	November 2018
6	4	High Quality Access at a Fixed Location (7)	eir	Decision D06/08 (ComReg 08/103)	December 2008
.				Decision D02/12 (ComReg 12/03) (Price Control)	February 2012

2007	2014 Market	Market	SMP Operator(s)	ComReg Decision	Date
7 .	2	Wholesale Mobile Call termination	Hutchison 3G Ireland, Lycamobile, Meteor, Telefónica O2, Tesco Mobile and Vodafone	Decision D11/12 (ComReg 12/124) Decision D12/12 (ComReg 12/125) Decision D02/16 (ComReg 16/09) (Price Control)	November 2012 November 2012 February 2016

(1) This decision was a further clarification of the remedies imposed on eircom arising from its SMP status in markets 1 and 4.
(2) ComReg has withdrawn regulation of the transit market.
(3) In addition to eir, six OAOs were designated as having SMP: BT Communications Ireland Limited; Verizon Ireland Limited; NTL Communications (Ireland) Limited and Chorus Communications Limited (now UPC); Colt Telecom Ireland Limited; Smart Telecom; and Magnet Networks Limited.
(4) Market formerly called Wholesale Fixed Unbundled Access (WPNIA) including Current and Next Generation Access. WPNIA is wholesale physical network infrastructure access and includes LLU and next generation access/fiber.
(5) This decision was a further clarification of the remedies imposed on eircom arising from its SMP status in markets 4 and 5.
(6) Equivalent to Wholesale Fixed Broadband Access market in the 2007 list.
(7) Equivalent to Wholesale Fixed Terminating Segments of Leased Lines market in the 2007 list.

SMP Regulation of our retail fixed access products and services

We were designated as having SMP in three markets related to retail fixed access pursuant to ComReg Decision D12/14 including Standalone Lower Level Voice Access, Bundled Lower Level Voice Access, and Higher Level Voice Access. In respect of Standard Lower Level Voice Access, we are subject to a price publication obligation and to a price cap permitting increases of CPI minus 0% (as set out in ComReg Decision D03/07) and to an obligation not to unreasonably bundle voice access as well as a cost accounting obligation. In respect of the provision of Bundled Lower Level Voice Access and Higher Level Voice Access, we are subject to an obligation not to unreasonably bundle voice access and a cost accounting obligation. The obligation not to unreasonably bundle was specified in ComReg Decision D04/13. ComReg has replaced ComReg Decision D04/13 with an obligation not to cause a margin squeeze in the wholesale central access and wholesale local access market pursuant to ComReg Decision D12/18.

Under ComReg Decision D12/18 (ComReg 18/96), we are required to notify ComReg five days in advance of launching a bundle which has a broadband rental component and obtain ComReg's prior approval.

SMP Regulation of our Wholesale fixed access products and services

Fixed voice telephony regulation

We are currently designated as having SMP in the wholesale fixed voice telephony markets, including in particular the markets for wholesale call origination services and wholesale call termination services. As a result, we must offer interconnection services to OAOs seeking to interconnect with our network. We publish a RIO, which sets out the tariffs, contract terms and conditions at which we offer interconnection services. These must be non-discriminatory and transparent. We must also ensure that our cost accounting systems are suitable for implementing our interconnection obligations.

RIO prices are in general based on the LRIC of providing interconnection services, plus a rate of return on investment. ComReg has issued several notices and decisions relating to the methodology for calculating these prices, including the calculation of costs that may or may not be included in setting RIO prices, as well as the permitted rate of return on investment. In December 2007, following consultation, ComReg published Decision D06/07 confirming that we have SMP in the wholesale fixed call termination market. ComReg also designated six OAOs as having SMP on their own networks in this market. In September 2012, ComReg issued a consultation, ComReg 12/96, proposing to maintain the existing SMP designations and to impose SMP designations on all other operators active in the fixed termination market. The draft decision instrument identified 18 SMP operators. As of the date of this report, no decision has been made by ComReg.

As a result of the existing SMP designation ComReg has imposed obligations of access, transparency, non-discrimination, price control, accounting separation, and cost accounting upon us. OAOs designated with SMP are only subject to obligations of non-discrimination, transparency and price control. ComReg Decision D12/12 (ComReg 12/125) requires each of the fixed operators designated with SMP in Decision D06/07 to ensure that its fixed termination rate(s) are set in accordance with a pure LRIC costing methodology. The decision provides for the transition from rates as of December 31, 2012 to pure LRIC rates in the form of a glide path. Since July 1, 2015, the maximum chargeable rates are € cent 0.060 per call and € cent 0.049 per minute when two part charging is applied, and € cent 0.072 for single charge. We apply two-part charging.

On July 24, 2015 ComReg issued Decision D05/15 (ComReg 15/82) completing its review of the wholesale fixed voice call origination and transit markets. ComReg Decision D05/15 maintains eir's designation as SMP operator in respect of fixed voice call origination and deregulates the transit market where we no longer have SMP and as a result are no longer subject to SMP obligations. In respect of fixed voice call origination, ComReg maintained the obligations of access, transparency, non-discrimination, price control, cost accounting and accounting separation.

Our obligation of access includes Single Billing Wholesale Line Rental (SB-WLR) which allows an authorized operator to resell our access service. We maintain and repair the access line, which remains connected to our switched network, and bill the operator for the use of the line. The operator bills the end customer for the operator's bundled service. We are also required to make call tracking, call barring, voicemail, call waiting, three way calling and alarm/reminder call and similar services available to all operators as ancillary services to carrier pre-selection SB-WLR. These services are provided through the SB-WLR product.

We provide a wholesale end-to-end call service to OAOs without the need for OAOs to have their own interconnection infrastructure. The service is known as switchless voice (White Label). On September 15, 2011, ComReg published Decision D07/11 (ComReg 11/67), which introduced price controls and transparency obligations in the associated wholesale call origination and wholesale call termination markets in order to guard against the possibility of a margin squeeze between switchless voice and the associated wholesale products In addition, ComReg directed that we have obligations to publish terms, conditions, service level agreements, guarantees and other product related assurances in respect of the call origination and call termination component elements of a switchless voice service.

On May 18, 2016, following consultation, ComReg published Decision D03/16 (ComReg 16/39) concerned with eir's pricing of its wholesale fixed access services. The Decision imposed cost oriented price caps for Current Generation Access products including Wholesale Line Rental, ISDN, Bitstream, Local Loop Unbundling, Pole and Duct access as well as two new Margin Squeeze Tests between retail and wholesale line rental prices and between Plain Old Telephony-based VUA and Bitstream and the price of VUA and Bitstream including a contribution towards managed voice over broadband investment.

Leased lines

We offer leased lines on a wholesale and retail basis. We are required to submit proposed wholesale prices or wholesale price changes to ComReg for approval. The prices at which we offer wholesale leased lines must be cost oriented.

In December 2008, ComReg published Decision D06/08 (ComReg 08/103) on the review of Leased Lines Markets, removing our SMP designation and lifting regulations on the retail leased lines market and the wholesale market for trunk segments of leased lines. ComReg maintained our SMP designation and regulation in the wholesale market for terminating segments of leased lines, which includes Ethernet based connectivity services. The unregulated wholesale market for trunk segments of leased lines is defined as comprising circuits of a capacity equal to or exceeding STM-1 between (but not within) certain Urban Centres in Ireland. The number of Urban Centres defining the boundaries of the unregulated trunk segment market has been reviewed by ComReg from time to time and increased at our request from 8 to 16.

The price at which we provide partial private circuits is regulated by ComReg under Decision D06/08 and is required to be based on LRIC. Furthermore ComReg Decision D02/12 (ComReg 12/03) published in February 2012 set price ceilings for wholesale leased lines (being end circuits, set at the level of the prices applicable on the date of the decision) and price floors determined on the basis of a model applying a similarly efficient operator ("SEO") test. An SEO is defined as an operator that is as efficient as us but does not benefit to the same degree as we do from economies of scale. An SEO test accordingly uses costs for us adjusted upwards. The price control is a margin squeeze test designed to ensure that the price of our end to end wholesale leased lines (including such wholesale leased lines notionally included in our retail leased lines) do not cause a margin squeeze for an SEO using our PPCs and NGN Ethernet inputs to produce end to end leased lines. PPCs and NGN Ethernet products (part circuits) are subject to price control and must be priced on the bottom up long run average incremental cost ("BU LRAIC") methodology. Retail leased line prices are not directly regulated. However, we have obligations under ComReg Decision D06/08 (ComReg 08/103) not to cause a margin squeeze and accordingly the price of retail leased lines is constrained by the price of our regulated wholesale leased lines.

ComReg have issued two consultations (one in 2016 and one in 2018) on proposals to update the market analysis however no further decisions in relation to leased lines have been made by ComReg.

Wholesale Broadband access

In November 2018, ComReg published new market analysis decisions for Market 3a – Wholesale Local Access (WLA) and Market 3b – Wholesale Central Access (WCA). ComReg found that eir has SMP nationally on the market for WLA. In respect of WCA, ComReg distinguished between an Urban WCA market and a Regional WCA Market. ComReg found that eir had no SMP in the Urban WCA market and accordingly removed eir's wholesale regulatory obligations. Insofar as the WCA Regional market is concerned, ComReg found that that eir has SMP and maintained regulatory obligations on eir.

NGA remedies

Obligations in respect of next generation access covering the WLA and Regional WCA markets are specified in ComReg Decision D10/18 (ComReg 18/94). Decision D10/18 requires us to provide access, including in the form of duct and pole access and dark fiber when duct or pole access is unavailable, co-location, backhaul and interconnection. We are also required to provide access to sub loop unbundling in areas designated as susceptible to form part of a state subsidy scheme, for instance as a result of the implementation of the government's NBP. In other areas, sub loop unbundling will only be required in the absence of imminent or credibly scheduled NGA deployment. The decision also provides for an enhanced non-discrimination obligation supported by a regime of compliance monitoring and governance. Extended notification periods to ComReg and OAOs apply for the introduction of new products, changes to new products and pricing.

In addition to a requirement to meet reasonable requests for fiber unbundling, in relation to next generation wholesale broadband access, ComReg Decision D10/18 requires us to provide access including in the form of virtual unbundled access, enhanced bitstream, multicast, co-location, backhaul, interconnection, migrations and in-premises services. We are also subject to an obligation of non-discrimination in the form of an equivalence of inputs requirement for the end-user elements of virtual unbundled access and bitstream, and in the form of an enhanced equivalence of outputs requirement to apply to all remaining elements. This enhancement includes in particular obligations of compliance monitoring and governance. The decision also imposes extended notification periods to ComReg and OAOs for new products, changes to existing products and pricing as well as strict requirements around the provision of network information concerning NGA roll-out plans.

We are also required to ensure that the respective levels of retail and wholesale prices, including as between various wholesale prices, are such that they do not cause a margin squeeze and we must furnish to ComReg a compliance statement with respect to the prices of new products and changes to existing products. Some relaxation of the margin squeeze test is provided including the use of a portfolio approach rather than individual product test, the use of an equally efficient operator's ("EEO") costs in some instances. For retail price changes, a notification period to ComReg of five working days applies.

Pricing of Current Generation wholesale access services including WLA and WCA

We are subject to an obligation of cost-orientation in respect of LLU, SLU, Line Share, Stand-Alone Broadband, duct and pole access and dark fiber as well as wholesale broadband access (Bitstream). The specific price control for current generation wholesale Bitstream services is set in ComReg Decision D11/18. It includes a national cost orientation obligation for Bitstream services which requires us to ensure that we recover no more than the BU-LRAIC+ costs associated with the provision of WBA in the regional market (i.e., it excludes the urban exchanges, which have been deregulated).

The price control for LLU, SLU, Line Share, Stand-Alone Broadband duct and pole access and dark fiber was specified in ComReg Decision D03/16 (ComReg 16/39), published on May 18, 2016. In particular, ComReg

Decision D03/16 further specifies how we are to comply with our obligation of cost orientation in the WPNIA and WBA markets and seeks to achieve, from ComReg's perspective, the appropriate balance between ensuring that we can recover our efficiently incurred costs (including an appropriate rate of return) and that appropriate investment signals are provided to the marketplace in terms of efficient market entry and sufficient incentives to invest in urban areas. ComReg accordingly used in some instances bottom up long run average incremental costs plus an apportionment for joint and common costs (BU LRAIC+) and in others, Top Down historic cost accounting (TD HCA) taking into account as the case may be the likely geographic areas where the services are expected to be availed and/or the state of infrastructure competition using the notion of LEA also used for the purpose of regulating the price of retail bundles including a voice access (line rental) component and wholesale broadband access. The price control applies for a minimum period of three years:

	July 1, 2018 - June 30, 2019	July 1, 2019 - June 30, 2020	July 1, 2020 - June 30, 2021
LLU (BU LRAIC+)	10.40	10.92	11.52
SLU (BU-LRAIC+)	5.77	5.92	6.12
Stand-Alone Broadband outside the LEA (TD-HCA)	22.45	22.80	23.15

Decision D03/16 also sets a maximum annual price per meter of sub-duct based on a blend of TD costs and BU-LRAIC, differentiated between Dublin exchanges and provincial exchanges. Maximum annual prices are also set for Pole access and separately Dark Fiber, differentiated between the LEA and Outside the LEA and using a blend of TD costs and BU-LRAIC.

Rate of return

On August 11, 2009, ComReg published a Decision (ComReg D03/09) on our regulatory assets lives, extending the lives of the major asset classes. The decision took effect with respect to the 2009/2010. The change in asset lives resulted in a difference in the treatment of assets in the regulatory accounts when compared with the statutory accounts. The regulatory accounts are used to set regulated wholesale prices. The effect of the decision was to reduce our depreciation costs to be included in the regulatory accounts and potentially wholesale prices.

ComReg Decision D15/14 (ComReg 14/136) specifies a WACC of 8.18% to be used in respect of our regulated activities and a WACC of 8.63% in respect of Meteor's regulated activities. Any obligations imposed on us relating to cost recovery and price controls (including regulated wholesale prices) imposed prior to the Effective Date and calculated using a previous WACC set by ComReg continue to apply until such time as a price review is conducted and a new regulated price set.

ComReg has signaled its intention to review the WACC rate of return in 2019.

Accounting separation

We are subject to an obligation of accounting separation in respect of the wholesale markets in which we have been designated with SMP. Following consultation, ComReg published its Decision D08/10 (ComReg 10/67) in August 2010, directing measures relating to the content, format and level of granularity of our regulated (separated) accounts. Our annual separated accounts are prepared in line with the requirements of this decision.

Key Performance Indicators

Following a consultation process, in June 2011, ComReg published its Final Decision D05/11 (ComReg 11/45) directing that our report on a quarterly basis on key performance indicators for provision and repair in the following regulated markets: (i) retail narrowband access; (ii) wholesale broadband access; (iii) WPNIA; and (iv) wholesale terminating segment of leased lines. The key performance indicators must be published by us no later than two months from the end of each quarter.

open eir Wholesale Regulatory Governance Model

On December 7, 2015, ComReg announced its intention to review the effectiveness of eir's Regulatory Governance Model (See ComReg 15/128). On July 13, 2017, ComReg published the reports of its two consultants that have been reviewing eir's Regulatory Governance Model. ComReg published an accompanying Information Notice, ComReg 17/64, indicating ComReg's view that it is appropriate to initiate a project to identify regulatory measures which could be imposed on eir having regard to ComReg's powers under

Regulations 8, 9 (Transparency), 10 (Non-Discrimination), 12 (Access) and 14 (Functional separation) of the Access Regulations 2011. ComReg sought the views of interested parties, in respect of the contents of the reports, to be submitted by October 13, 2017.

ComReg and eir, following discussions agreed and signed on December 10, 2018, a broad settlement of outstanding issues including compliance cases, regulatory governance and commitments to improve governance over the coming years. The key features of the settlement agreement are set out below.

- eir and ComReg agreed to settle all outstanding legal cases. eir withdrew the challenge to Regulation 19, which questioned the legality of the powers allowing ComReg to seek from the High Court, and the High Court to impose, civil fines. ComReg agreed to strike out its High Court cases alleging breaches of regulatory obligations.
- eir agreed to pay a penalty of €3 million.
- eir agreed to put in place an enhanced regulatory governance model, including a regulatory code of practice, enhanced independence of its wholesale division and commitments in relation to governance, an improved risk management process built on three lines of defence and processes around the access to confidential regulated information.
- Some of the RGM undertakings are linked to performance milestones which have an associated penalty amount if the milestone is not achieved by a particular date. The total penalty associated with the commitments is €9 million, with commitments extending out to December 2020.
- eir agreed to create an Independent Oversight Body ("IOB") to monitor the regulatory governance model. Key features of the IOB are set out below.
  - The IOB will consist of five members (two eir non-executive directors and three members nominated by ComReg consulting with eir).
  - The role of the IOB is to provide independent oversight of the operation and effectiveness of eir's regulatory governance and they report to eir's board of directors and ComReg.
  - Internal Audit for the regulatory aspect of their role will report directly to the IOB.
  - The IOB can issue recommendations to eir's board of directors in relation to issues they have identified and can comment on resourcing for assurance functions.
  - The IOB will issue and publish an annual report on the operation and effectiveness of eir's regulatory governance model which will include data provided from our reports and their opinion on regulatory compliance. The IOB will convene an annual meeting with all Industry stakeholders.
  - Reporting has been defined as part of the settlement agreement but the exact content of the reports has to be agreed with the IOB.
  - The IOB may disband after five years.

Compliance

ComReg and other regulatory bodies occasionally make enquiries and conduct investigations concerning our compliance with applicable laws and regulations. There is one open investigation currently being reviewed by ComReg in relation to wholesale obligations for the provisions of customer address data, which we believe we have rectified.

In addition, the Framework Regulations 2011 provide for a dispute resolution mechanism whereby disputes between operators, including eir, may be brought for resolution to ComReg with the view to ensuring compliance with relevant obligations.

Non-Irish Regulation

Although we principally provide telecommunications services in Ireland, we also provide some services outside of Ireland in the United Kingdom through our UK subsidiary, eir UK, and are accordingly subject to their laws.

Since 2003, telecommunications services in the United Kingdom are provided under general authorizations, and such general authorizations, broadly similar to those applicable in Ireland as described above under

"—*General Authorizations, Licenses and Rights of Use*," govern our telecommunications services within and from the United Kingdom. More onerous regulatory obligations apply to those undertakings found from time to time by Ofcom to have SMP in certain specified markets.

On September 26, 2013, Ofcom published a statement concluding its review of the fixed narrowband services markets and, among other things, redesignating eir UK and all other providers of fixed networks in the United Kingdom with SMP in respect of the provision of call termination services. Ofcom has required all fixed providers with SMP to provide network access on reasonable request and to notify charges. In addition, Ofcom has decided to continue with the principle of symmetry of termination rates, such that termination rates above those of BT's would be considered to be unreasonable unless they can be justified by reference to specific criteria. However, Ofcom also directed that BT's fixed termination rates be set on the basis of Pure LRIC from January 1, 2014.

While this measure does affect the ability of eir UK to set its own termination charges in the United Kingdom, its current effect is minimal. In the United Kingdom, we use BT's network for the most part for terminating call traffic. Therefore, we benefit from regulatory measures imposed by Ofcom on BT, which have the effect of reducing call termination charges.

Regulation of mobile services

Mobile spectrum rights

Meteor operates its mobile network using two spectrum licenses, a Liberalised Use License, issued in 2012 and a 3G License issued in 2007.

In 2012, Meteor acquired rights under an additional license to use spectrum for the following spectrum:

- 2x10MHz in the 800MHz band from to July 12, 2030;
- 2x10MHz in the 900MHz band from to July 12, 2030; and
- 2x15MHz in the 1800MHz band to July 12, 2030.

This license operates on a technology neutral basis meaning that Meteor can, and does, use GSM, UMTS and LTE technologies in the spectrum bands.

The fourth 3G license in Ireland was granted to eircom Limited (Ireland) on March 12, 2007 and was subsequently assigned to Meteor. The license is for successive one-year terms, up to a maximum term of 20 years, subject to the payment of relevant annual fees. The licensee is committed to achieving defined performance targets in respect of network roll-out and quality of service by specified dates. Upon initial grant of the license, we issued performance bonds totaling €100 million in respect of these commitments. Following various ComReg compliance assessments and the achievement of the relevant targets required to be met as of the compliance dates, the performance bond, in the form of a cash guarantee, in relation to the 3G license has been reduced to €700,000. Meteor maintains an ongoing compliance program with respect to outstanding targets. Failure to meet a defined performance target by specified dates will result in payment of specified penalties.

On June 27, 2014, ComReg issued a Call for Input (ComReg 14/65) seeking views on making existing 3G licenses technology neutral (referred to as liberalization). It is ComReg's intention to issue a further consultation on this matter.

On June 1, 2017, ComReg published the results of the 3.6GHz band spectrum award (ComReg 17/46). We successfully purchased a package of spectrum blocks including 85MHz of spectrum in the main urban areas (Dublin, Cork, Galway, Limerick and Waterford) and 80MHz of spectrum in the remainder of the country. The total cost of the spectrum purchase for eir was €11.5 million.

ComReg has commenced a consultation process to design and implement a multi-band spectrum award process for mobile spectrum. The award will likely take place during 2020 and may include spectrum in the 700MHz, 2100MHz, 2300MHz and 2600MHz bands.

Mobile Termination Rates

ComReg published its Decision D11/12 (ComReg 12/124) in November 2012. Arising from the Decision, six mobile operators were redesignated with SMP in the mobile termination market, Three, Lycamobile, Meteor, O2, Tesco and Vodafone. Each operator carries the following SMP obligations: access, non-discrimination, transparency and cost-orientation of price. On the same date, ComReg published its Decision D12/12 (ComReg 12/125) specifying the cost orientation obligation in the form of a pure LRIC obligation, where the MTRs are set at the cost of the increment of the wholesale voice call termination service to the exclusion of a mark-up for any common costs.

On February 12, 2016, having completed a BU Pure LRIC model, ComReg issued Decision D02/16 which requires the six SMP mobile operators to ensure that their MTRs for each relevant period are no more than the rate determined by the BU Pure LRIC model for that period, namely as from 1st September 2016:

- 0.84 cpm from September 1, 2016 to December 31, 2016
- 0.82 cpm from January 1, 2017 to December 31, 2017
- 0.79 cpm from January 1, 2018 to December 31, 2018

ComReg opened a consultation on the FTR/MTR market analysis in 2018. We are awaiting ComReg's final decision in relation to SMP and revised pricing

International roaming tariffs

Following the adoption of Regulation EC No 717/2007 of the European Parliament and of the Council in June 2007 on roaming on public mobile telephone networks within the Community, both wholesale and retail international roaming charges have been subject to regulation and price controls.

In June 2009, Regulation No 544/2009 was adopted by the European Parliament and the Council, amending the 2007 Regulation. The 2009 Regulation amended the timing and level of price caps in respect of voice roaming and introduced new requirements in respect of SMS and data roaming price caps, and technical requirements in respect of consumer protection. Following a review of the functioning of the Regulation, Regulation No 531/2012 was adopted by the European Parliament and Council of Ministers replacing the 2007 and 2009 Regulations, for further regulation of international roaming within the European Community beyond July 2012. The 2012 Regulation imposed further retail and wholesale caps for voice, SMS and data roaming services.

On November 25, 2015, Regulation (EU) No. 2015/2120 was adopted by the European Parliament and the Council. From June 15, 2017, roaming providers may no longer apply roaming tariffs to customers throughout the European Union (known as Roam Like At Home), subject to a "fair use" policy applied in accordance with the rules set out in Commission Implementing Regulation (EU) (No. 2016/2286) of December 15, 2016 and possible derogations where the roaming provider demonstrates that the abolition of retail roaming surcharges undermines the sustainability of its domestic charging model. Roam Like At Home measures also include wholesale price caps, last amended by Regulation (EU) 2017/920 of May 17, 2017 which sets out wholesale roaming charges applicable from June 15, 2017.

MANAGEMENT

Directors and Senior Management

Board of Directors of the Issuer

The table below sets forth the members of the board of directors of the Issuer:

Name	Age	Position
Stephen Tighe	42	Director
Carolan Lennon	52	Director

The address of the Board of Directors of the Issuer is at the registered office of the Issuer.

Board of Directors of EHIL

The table below sets forth the members of the board of directors of EHIL:

Name	Age	Position
David McRedmond	56	Non-Executive Chairman
Patrick Browne	64	Non-Executive Director
Rose Hynes	61	Non-Executive Director
Richard Moat	64	Non-Executive Director
Pádraig Ó'Ríordáin	53	Non-Executive Director
Fiona Tierney	57	Non-Executive Director
Michael Golan	40	Non-Executive Director
Olivier Rosenfeld	48	Non-Executive Director
Xavier Niel	51	Non-Executive Director
Frank Brunel	55	Non-Executive Director
Pierre-Alain Allemand	46	Non-Executive Director

The address of the Board of Directors of EHIL is at the registered office of EHIL.

David McRedmond joined EHIL as non-executive Chairman in 2018. He has been the Chief Executive Officer of An Post since October 2016. David was previously the CEO of TV3 where he transformed the company into a major Irish broadcaster and content producer. Prior to TV3, David was the Commercial Director of Eircom (now eir) and the Managing Director of Eircom Enterprises. David also previously held senior roles in Waterstones, WH Smith Travel Retail and WH Smith Inc. David is a Director of Premier Lotteries Ireland DAC, the Ireland Funds and a Fellow of the Royal Society of Arts. He has completed executive management programs at INSEAD and the UK Cabinet Office and holds a Masters Degree in Modern Irish History from University College Dublin.

Patrick Browne joined EHIL as non-executive Director in 2018. He recently retired from the position of Head of the Crops, Environment and Land Use Programme in Teagasc, having held this position since 2012. Prior to this, Paddy held various positions within Teagasc, having commenced his career there in 1977. Paddy previously served as Chairman of the Governing Body of Institute of Technology Carlow. He is also a former Council member of the Further Education and Training Awards Council of Ireland (FETAC). Paddy is a graduate of University College Dublin with a Bachelor in Agricultural Science. He was also awarded an MBA from Waterford Institute of Technology.

Rose Hynes joined EHIL as non-executive Director in 2018. She is the Chairman of Shannon Group plc. She is also the Chairman of Origin Enterprises plc. Rose is a non-executive director of a number of other companies in various sectors including Total Produce plc and IPL Plastics plc. Rose, a qualified lawyer, was a longstanding member of the senior management team in GPA, previously one of the world's largest lessors and financiers of aircraft. Rose is also a former Chairman of Bord Gais/Ervia and a former non-executive director of Bank of Ireland, Fyffes plc and Aer Lingus. She is a law graduate of University College Dublin.

Richard Moat joined EHIL as non-executive Director in 2018, having previously been the Chief Executive Officer of EHIL. Richard joined EHIL as Group Chief Financial Officer in September 2012. He was appointed as Chief Executive Officer in November 2014. From 2010 to 2011, Mr. Moat was Deputy Chief Executive and Chief Financial Officer at Everything Everywhere Limited. From 2009 to 2010, he was Managing Director at T Mobile UK Limited. Mr. Moat took T Mobile's UK unit through its restructuring before its merger with Orange

UK to join Everything Everywhere Limited. In addition to the aforementioned directorships, Mr. Moat has held Chief Executive Officer positions within the Orange group, including at Orange Thailand from 2000 to 2002, Orange Denmark A/S from 2002 to 2004 and Orange Romania SA from 2004 to 2009. Since June 2012, he has been an independent Non Executive Director of International Personal Finance plc and is also the Senior Independent Director and Chairman of the Audit Committee and a member of the Remuneration and Technology Committees. He is a fellow of the Association of Chartered Certified Accountants and holds a Diploma in Corporate Finance and Accounting from London Business School and a Master's (Honours) degree in Law from St Catharine's College, Cambridge.

Pádraig Ó'Ríordáin joined EHIL as non-executive Director in 2018. He was recently appointed non-executive Chairman of Premier Lotteries Ireland DAC, operator of the National Lottery. He was Chairman of DAA plc and a non-executive director of Paddy Power Betfair plc until earlier this year. A corporate lawyer, qualified in Ireland and New York, Pádraig was Managing Partner of Arthur Cox between 2003 and 2011. He advised the Irish Government during Ireland's banking crisis and also served as a member of the European Commission's Insolvency Law Expert Group (ILEG). In January 2018, the Government appointed Pádraig as Chairman of the Effectiveness and Renewal Group for the Department of Justice and Equality. Pádraig remains Partner of Arthur Cox to this date.

Fiona Tierney joined EHIL as non-executive Director in 2018. She was previously the Chief Executive Officer of the Public Appointments Service, where she successfully repositioned the organization and oversaw the introduction of a new appointments process for State Boards. Fiona has a career history of successful leadership in senior executive positions in both the private and public sector. She is an outgoing member of the Civil Service Management Board. She is a Chartered Director of the Institute of Directors. She is a member of the Board of the Irish Management Institute. She is also on the Board of Trocaire. Fiona is on the committee of the International Women's Forum and a strong supporter of the 30% Club.

Michael Golan joined EHIL as non-executive Director in 2018. He commenced his career in banking working at both Rothschild & Co and Merrill Lynch. He was the CEO of Iliad SA up until 2007. Michael was also the founder of the fifth mobile operator in Israel, Golan Telecom. He is currently a member of the Board of Directors of Salt Mobile SA and of Monaco Telecom SA.

Olivier Rosenfeld joined EHIL as non-executive Director in 2018. He commenced his career in Merrill Lynch's investment banking division, specializing in various privatization deals. He joined Goldman Sachs where he was in charge of primary issues in New York and Hong Kong. Olivier was the Chief Financial Officer for the Iliad Group from January 2001 to January 2008. He is a member of the Board of Directors of Salt Mobile SA and of Monaco Telecom SA. He is a graduate of the Solvay Business School.

Xavier Niel joined EHIL as non-executive Director in 2018. He is the majority shareholder in Iliad Group, after having founded the company in 1991. He has worked in the data communications, Internet and telecommunications industry since the late 1980s. In 1993, he founded Worldnet, the first Internet service provider in France. He was responsible for Iliad's major strategic developments, from the launch of the ANNU service and the development of Internet access services based on France Telecom's repayment scheme as a financial model, to the launch of the Freebox project. He is currently a member of the Board of Directors of Iliad, Salt Mobile SA and of Monaco Telecom SA.

Franck Brunel joined EHIL as non-executive Director in 2018. He commenced his career in the Pasteur Institute as a Research Assistant Franck joined Iliad in 1999 where he was Chief Regulatory Officer from 1999 to 2011. He is currently a member of the Board of Directors of Salt Mobile SA. He holds a PhD in Molecular Biology awarded by the University of Paris.

Pierre-Alain Allemand joined EHIL as non-executive Director in 2018. He has over 15 years of experience in Fixed and Mobile Networks and a strong knowledge of Networks technology and IT. Pierre-Alain was Executive Vice President of French operator SFR for Network, IT and Wholesale from October 2008 to October 2014. Pierre-Alain holds a degree in Mechanical and Electrical Engineering from the Ecole Spéciale des Travaux Publics (ESTP) in Paris.

Senior Management of eir

Our senior management consists of the following senior managers who are responsible for the business and administrative departments indicated below. Each of our senior managers are employed by eir.

Name	Age	Position[(1)]
Carolan Lennon	52	Chief Executive Officer
Stephen Tighe	42	Chief Financial Officer
Una Stafford	51	Managing Director open eir Networks
Eavann Murphy	52	Managing Director open eir Wholesale
Catherine Lonergan	44	Managing Director Consumer and Small Business Sales
Susan Brady	40	Managing Director Consumer and Small Business Marketing
Martin Wells	48	Managing Director eir Business
Sinead O'Gorman[(1)]	43	Managing Director Customer Operations
Sorcha NicMhurchu	50	General Counsel and Company Secretary
Therese Gavin	49	Director of Human Resources
Gary Healy	54	Director of Regulation and Public Policy
Brian Chapman	36	Chief Information Officer
Guillaume Duhazé	54	Chief Technology Officer
Edward Storey	40	Director of Strategy & Corporate Communication

(1) Ms. O'Gorman is expected to take up the role of Managing Director of Customer Operations on April 29, 2019.

Carolan Lennon was appointed as Chief Executive Officer in April of 2018, having previously served as Managing Director of Wholesale in since June 2013. Between Since February 2017 and April 2018, she has also acted as interim Chief Human Resources Officer. In September 2016, our Networks and Wholesale divisions were aligned through the formation of a single unified open eir division and Ms. Lennon was appointed to the newly created role of Managing Director – open eir. In October 2016, Ms. Lennon was appointed to the board of AIB and, since May 2017, has also served as a member of AIB's Board Risk Committee and Sustainability Committee. From 2010 to 2013, Ms. Lennon was Chief Commercial Officer of the Consumer division where she had responsibility for both the fixed and mobile businesses. Prior to joining eir in 2010, Ms. Lennon held a variety of positions in the telecommunications and technology sectors, including Consumer Director and Marketing Director while at Vodafone Ireland. Ms. Lennon is a Fellow of the Marketing Institute, holds a Master of Business Administration from Trinity College, Dublin and a Bachelor of Science from University College Dublin. Ms. Lennon has also lectured in operations management at university level.

Stephen Tighe was appointed Chief Financial Officer in April of 2018. Stephen is a senior finance executive with over 15 years of business experience. In October 2013 Stephen was previously Finance Director for eir's Consumer division, the largest within the Group. In July 2017 Stephen was appointed interim Chief Commercial Officer. Prior to assuming the Finance Director position in the Consumer division, Stephen held the positions of Finance Director in both the open eir division and Business division. Mr. Tighe is a chartered accountant (CIMA) and has also completed the Corporate Finance Programme in London Business School.

Una Stafford was appointed Managing Director of open eir Networks in April 2018. Since 2010 Ms. Stafford has held the position of Director of Fixed Access Operations in Networks. Ms. Stafford had held a number of other senior management positions in eir since she started her career in eir in 1991. Ms. Stafford holds a Bachelor of Science (Honours) in Applied Physics from Dublin City University, a post graduate Diploma in Management Information Systems from the Irish Management Institute and a Diploma in Company Direction from the Institute of Directors.

Eavann Murphy was appointed Managing Director in open eir Wholesale in April 2018. Eavann was previously Chief Commercial Officer in eir Business, overseeing the division's transformation into a leaner, more commercially astute operation and served as Commercial Director in open eir from November 2017 to April 2018. Before joining eir, Eavann worked for 14 years in senior leadership and commercial roles in Vodafone Ireland and previously worked for Bank of Ireland. Ms. Murphy studied Computer Science before doing her Masters in Marketing Management, both at the University of Ulster.

Catherine Lonergan was appointed as Managing Director for Sales, Consumer and Small Business in April 2018. Re-joining eir in 2015, for the past 3 years she was the Director of Customer Value Management within eir's Consumer and Small Business division overseeing the drive to extend customer lifetime value for the fixed and mobile customer bases. Ms. Lonergan previously worked for O2 and Three Ireland as Head of Retention and she has held similar management roles in Meteor and Vodafone Ireland. She started her career in the oil industry with Esso Ireland. Ms. Lonergan holds a Bachelor of Business Studies (Hons) and Masters in Marketing (Hons) from Dublin City University, and is a graduate of the Digital Marketing Institute.

Susan Brady was appointed Managing Director of Marketing for CSB in March 2018. Since joining eir in 2010 Susan has held a number of senior management positions including Commercial and Product Director for CSB and Director of Bundles where she lead the development and execution of eir's Fixed and Mobile Convergence strategy as the first operator to launch quad-play in Ireland. Prior to joining eir Susan spent 12 years working in Vodafone where she held a number of management positions such as Head of Prepay Marketing. Ms. Brady holds a Bachelor of Arts (Honours) degree in Marketing from Dublin Business School and is a member of the Irish Marketing Institute.

Martin Wells was appointed as Managing Director of eir Business from April 2019. Martin joined eir from Ibec, Ireland's largest business representation group, where he was Commercial Director. In this role he oversaw the work of the 37 trade associations that are part of Ibec and also had responsibility for member engagement, sales & marketing and corporate events. Martin previously held a number of senior telecommunications roles at Vodafone including Commercial Operations Director, Customer Experience Director and Marketing Director. Mr. Wells holds an MBA in Strategic Management from Henley College and has undertaken post graduate education in IMD Lausanne, Said Business School and Imperial College London.

Sinead was appointed as Managing Director of Customer Operations in March 2019. From 2011 until 2019, Ms. O'Gorman held a number of roles in both eir Retail and open eir, including Director of Service Operations in open eir. Prior to joining eir, Ms. O'Gorman held a number of senior roles in Vodafone, where she worked for 12 years. Ms. O'Gorman holds a Bachelor of Arts (Honours) from University College Dublin and a post Graduate Diploma in Public Relations from the Public Relations Institute of Ireland.

Sorcha Nic Mhurchu was appointed General Counsel in 2017 having previously held a number of roles in the legal team since she joined eir in 2006 from William Fry solicitors. Sorcha was appointed Company Secretary for the eir Group in June 2018. Sorcha holds a Bachelor in Civil Law degree from UCD and is a practicing solicitor. She holds a Diploma in Commercial Law, a Diploma in Property Tax, a Diploma in EU Law, a Diploma in Commercial Litigation, a Diploma in Arbitration, a Diploma in Employment Law and a Diploma in Insolvency and Corporate Restructuring. She also qualified as a Notary Public in 2017.

Therese Gavin joined eir in 2016 as a senior HR business partner supporting the CIO. In 2017 Therese was promoted to HR Director supporting the CIO, CFO and Customer Operations, before being appointed Director of Human Resources in April 2018. Prior to eir, Therese was with Xerox Europe Ltd for 17 years as Head of Group Resources which incorporated HR, Payroll, Health & Safety and Comp & Bens. Ms. Gavin holds a Diploma in HR and Industrial Relations.

Gary Healy joined eir as Director of Regulatory & Public policy in September 2017 from the Irish Wind Energy Association where he was CEO. Previously, Gary worked for both Vodafone and Telefonica/O2 as Head for Regulation & Public Policy and was 7 years with ComReg as Director of Market Development. Gary has a PhD in Government and Law from Dublin City University, an MBA from Dublin City University, a BA (Hons) from the University of Westminster and an MA in Modern History from Middlesex University. Mr. Healy is also a qualified accountant.

Brian Chapman was appointed Chief Information Officer in May 2018. Previous to this Brian has held a number of senior management positions in eir including Director of IT development & Head of BSS design & Build, since joining the company from Meteor in 2011. Mr. Chapman holds a Bachelor of Telecommunications Engineering (Honours) from Dublin City University and a Bachelor of Arts in Technology Management from the Institute of Technology Tallaght.

Guillaume Duhazé was appointed CTO of eir in June 2018. From 2015 to 2018, Mr. Duhazé was Senior Vice President Network Operation for SFR the second largest telecom operator in France. Prior to that, Mr. Duhazé was in charge of Network Engineering then Network Support for SFR from 2007. He started his career in the telecom industry in 1989, working for Nortel and then Siemens, holding various senior management positions in R&D, Project Management and Sales. Mr. Duhazé holds a Master of Engineering from the Ecole Supérieure d'Ingénieur en Electronique et Electrotechnique in Paris.

Edward Storey was appointed Director of Strategy & Corporate Communications in May 2018, having previously served as Senior Corporate Finance Manager since May 2016. Prior to joining eir, he served as Chief Financial Officer at a consumer technology company and worked in the private equity industry in Dublin. Mr. Storey has also held a variety of roles at financial institutions in London including investment banking advisory at Rothschild and Goldman Sachs and also serving as an Senior Investment Analyst at Breeden Partners. Mr. Storey holds a Bachelor of Arts (Honours) from Trinity College Dublin and a Master of Science from University College Dublin.

Committees of EHIL's Board of Directors

We have four permanent board committees: the audit & risk committee, the remuneration committee, the nominations committee and the regulatory committee. Below are descriptions of our audit and risk committee and remuneration committee.

Audit & Risk Committee

The Audit & Risk committee assists the Board of Directors in discharging their responsibilities in relation to financial affairs, external and internal audits and controls, and risk management policies and procedures. This includes matters such as reviewing EHIL's annual financial statements, internal financial control and risk management systems, monitoring and reviewing eir's internal audit program and advising on the appointment of eir's external auditors.

Remuneration Committee

The remuneration committee assists the Board of Directors in discharging their responsibilities in relation to remuneration, including pension rights and any compensation payments. This includes determining and agreeing with the Board of Directors the policy for the individual remuneration and benefits of each of the Chief Executive Officer, the Chief Financial Officer and the executive directors, as well as monitoring and recommending the remuneration of senior management, and approving the overall remuneration policy in relation to all other employees.

Compensation of directors and executive officers

The aggregate compensation paid and payable to all of our directors, executive officers and senior management team ("key management personnel" as defined in IFRS), including all individuals who served during the year, including salary, pension contributions, compensation for loss of office, directors' fees, the estimated total value of benefits in kind granted by us to our directors, executive officers and senior management and final payments to outgoing directors and senior executives as part of a now fully-vested management incentive plan, during the financial year ended June 30, 2018 was €16.2 million.

PRINCIPAL SHAREHOLDERS

Share capital

As of December 31, 2018, the issued capital of Eircom Holdings (Ireland) Limited was €2.00, represented by fully paid up shares consisting of 2 ordinary shares with a par value of €1.00 each and conferring voting rights to their beneficial owners.

Beneficial ownership

The Issuer is a wholly owned subsidiary of eircom Limited (Jersey) (or the Company), which is a wholly owned subsidiary of EHIL which, in turn, is a wholly owned subsidiary of Eircom Holdco S.A.

Eircom Holdco S.A is a wholly owned subsidiary of Toohil Telecoms Holdings Limited ("Toohil"). Toohil is majority controlled by NJJ Boru SAS ("Boru"), a subsidiary of NJJ, the private investment vehicle of Xavier Niel, and Iliad SA. NJJ and Iliad have an indirect investment interest in Toohil of 32.9% and 31.6% respectively. Anchorage Capital Group LLC and Davidson Kempner Capital Management LP hold an indirect minority investment interest in Toohil of 26.6% and 8.9%, respectively.

Founded in 2010, NJJ is the private holding company of entrepreneur and telecommunications investor Xavier Niel, with a minority interest held by other NJJ executives. NJJ focuses on creating long-term shareholder value and excellence in operational and financial performance in its companies. NJJ has a track of record of successfully managed telecommunications companies, including Salt in Switzerland and Monaco Telecom in the Principality of Monaco.

Founded by Xavier Niel in 1990, Iliad SA is a société anonyme registered in France and listed on Eurolist by Euronext Paris under the symbol "ILD." The Iliad Group is a telecommunications operator.

RELATED PARTY TRANSACTIONS

The following are descriptions of the material provisions of agreements and other documents between either the Issuer or eir and various individuals and entities that may be deemed to be related parties for the period since the beginning of EHIL's preceding three financial years up to the date of this Offering Memorandum.

Shareholders agreement

On December 19, 2017, Carraun Telecom Holdings Limited ("Carraun"), which is the parent of EHSA's parent, Toohil Telecom Holdings Limited, entered into a shareholders' agreement (the "Shareholders Agreement") with its shareholders (NJJ Boru SAS ("NJJ Boru"), Burlington Loan Management DAC and ACMO S.à r.l.) for the purpose of regulating the relationship between Carraun and its shareholders.

The Shareholders Agreement contains provision relating to the corporate governance of Carraun and its subsidiaries (the "Carraun Group"), as well as various provisions regulating the transfer of the shares in Carraun, such as a right of first offer, drag along and tag along rights as well as a call option exercisable by the majority shareholder upon the expiration of the lock-in period provided therein.

In addition, the Shareholders Agreement contains provisions setting out certain reserved matters that cannot be carried out by Carraun without prior consent from its shareholders, such as actions that would result in a material change in the scope or nature of the business, financial position or tax residency of Carraun, amendment of the dividend policy, increase of the management fee or acquisition or disposal of equity interests held by Carraun Group for an enterprise value in excess of €350 million.

Iliad/NJJ Shareholders agreement

On April 4, 2018, NJJ Boru entered into a shareholders' agreement (the "Iliad/NJJ Shareholders Agreement") with its shareholders Iliad SA ("Iliad") and NJJ Tara SAS ("NJJ Tara") for the purpose of regulating the relationship between NJJ Boru and its shareholders. The Iliad/NJJ Shareholders Agreement notably provides for a call option for Iliad in relation to 80% of NJJ Tara's stake in NJJ Boru. This call option is exercisable in 2024 and 2025.

Administrative services agreement

In the past, we entered into an administrative services agreement with eircom ESOP Trustee Limited (as trustee for the eir Employee Share Ownership Trust ("ESOT") a former indirect shareholder of eircom Limited) and the eir Approved Profit Sharing Scheme ("APSS"). Our current and former employees and certain of our current and former subsidiaries are the beneficiaries of the ESOT and the APSS. Under the agreement, eir agreed to provide certain administrative services during the winding-up the ESOT and the APSS relating to the distribution of the remaining assets to the beneficiaries following the liquidation of eir ESOT Trustee Limited.

On July 11, 2013, the ESOP Trustee Limited and the APSS entered into voluntary liquidation. The residual assets not yet claimed by beneficiaries have been transferred to eircom Limited, which will continue to administer the residual assets of the ESOT and the APSS in respect of untraced holders and unclaimed funds for a period of up to twelve years from the substantial winding-up of the trusts.

Management incentive plan

During the year ended June 30, 2018, we recognized a final charge of €5 million (June 30, 2017: €2 million) in our income statement, with a corresponding increase in equity, in respect of contractual rights under the management incentive plan awarded to certain employees, which settled on vesting by EHSA.

Other related parties transactions

During the year ended June 30, 2015, we advanced loans totaling €14 million to EHSA and eircom MEP STAR Trust. The amount outstanding as of June 30, 2018 was €13 million (June 30, 2017: €14 million).

During the year ended June 30, 2018, we provided transmission and infrastructure services and recharged operating costs incurred on behalf of Tetra Ireland Communications Limited of €5.2 million (June 30, 2017: €6.1 million; June 30, 2016: €5.7 million). The amount outstanding in respect of these costs was €2 million as of June 30, 2018 (June 30, 2017: €1.9 million; June 30, 2016: €3.3 million).

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material provisions of our principal financing arrangements after giving effect to the Transactions. It does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. We recommend you refer to the actual documents for further details, copies of which may be made available by the Issuer upon request. All references to the term "Group," when used in this "Description of Other Indebtedness" section, shall be construed as referring to EHIL and each of its subsidiaries' other than Tetra.

Senior Facilities Agreement

Overview

On April 18, 2017, EHIL and certain of its subsidiaries entered into the Senior Facilities Agreement with, among others, certain financial institutions as "original lenders" as defined therein and Wilmington Trust (London) Limited as agent (the "Senior Facility Agent") and security agent (the "Security Agent").

The Senior Facilities Agreement comprises the following committed facilities:

- a €1,600 million senior secured term loan facility B ("Facility B6"); and
- a senior secured revolving credit facility of €100 million (reduced from €150 million pursuant to a notice of voluntary cancellation dated February 9, 2019, the "Revolving Facility" and, together with Facility B6, the "Facilities" and each a "Facility").

It is also contemplated that, on or about the Issue Date, certain financial institutions will provide an additional senior secured term loan facility in accordance with the terms of the Senior Facilities Agreement, pursuant to the Facility B7 Additional Facility Notice. The Facility B7 Additional Facility Notice provides for an additional standalone facility that will not be fungible with Facility B6 but will substantially reflect the terms of Facility B6. The total aggregate committed amount to be made available under Facility B7 is yet to be determined.

The following is a summary of certain of the principal terms of the Senior Facilities Agreement. For the purposes of this summary of the Senior Facilities Agreement, the term "Group" refers to EHIL and each of its "restricted subsidiaries" from time to time.

Structure

The "original borrower" for each of Facility B6, Facility B7 and the Revolving Facility, respectively, is Eircom Finco S.à r.l. ("Finco"). Certain members of the Group may become an additional borrower under the Revolving Facility, subject to meeting certain conditions as set out in the Senior Facilities Agreement.

Facility B6 is, and Facility B7 will be, denominated in euro. The Revolving Facility may be utilized in euro, sterling, U.S. dollars and certain other currencies with the consent of all the lenders participating in the relevant utilization under the Revolving Facility.

The proceeds of Facility B6 plus a voluntary debt repayment of approximately €11 million, together, were used to refinance and discharge the Group's then existing senior term indebtedness in full. The proceeds of Facility B7 will be applied for substantially the same purpose as the Notes. The Revolving Facility may be used for financing or refinancing the working capital requirements and/or general corporate purposes of the Group.

The Revolving Facility may be utilized until the date falling one month prior to the "termination date" of the Revolving Facility (such termination date being October 19, 2023).

Interest and Fees

The term loan made available under Facility B6 bears cash pay interest at a rate per annum equal to EURIBOR (subject to a floor of zero), plus a margin of 3.25% per annum. The margin for Facility B6 is subject to a margin ratchet linked to certain senior secured net leverage levels. The interest rate and margin ratchet applicable to Facility B7 is yet to be determined.

Loans under the Revolving Facility bear cash pay interest at rates per annum equal to, for revolving utilizations denominated in currencies other than euro, LIBOR (subject to a floor of zero) or, for revolving utilizations denominated in euro, EURIBOR (subject to a floor of zero), plus a margin of 2.75% per annum, subject to a margin ratchet linked to senior secured net leverage levels.

Default interest on each of Facility B6, Facility B7 and the Revolving Facility will, generally, be calculated as an additional 1% on the overdue amount.

In respect of the Revolving Facility:

- a "commitment fee" is payable on the aggregate undrawn and uncancelled amount of the Revolving Facility from (and including) April 19, 2017 to the end of the availability period applicable to the Revolving Facility at a rate of 35% of the applicable margin for the Revolving Facility. Such commitment fee is, generally, payable quarterly in arrears, on the last day of the availability period applicable to the Revolving Facility and, if cancelled in full, on the cancelled amount of the relevant Revolving Facility lender's commitment at the time the cancellation becomes effective; and
- a "utilization fee" is payable in respect of each outstanding loan under the Revolving Facility at a rate of (i) 0.50% per annum on the amount of each Revolving Facility lender's participation in each outstanding Revolving Facility loan on each day on which the applicable base currency amount of all outstanding Revolving Facility loans is greater than 66 2/3% of the total Revolving Facility commitments and (ii) 0.25% per annum on the amount of each Revolving Facility lender's participation in each outstanding Revolving Facility loan on each day on which the applicable base currency amount of all outstanding Revolving Facility loans is greater than 33 1/3% of the total Revolving Facility commitments but less than or equal to 66 2/3% of the total Revolving Facility commitments. Such utilization fee is, generally, payable quarterly in arrears, on the termination date for the Revolving Facility and, in respect of any Revolving Facility lender whose participation in all outstanding Revolving Facility loans is being repaid in full, on the day on which such Revolving Facility lender's participation in all outstanding Revolving Facility loans becomes repayable. No utilization fee is payable where the aggregate base currency amount of all outstanding Revolving Facility loans is less than 33 1/3% of the total Revolving Facility commitments.

EHIL is required to pay customary agency fees to each of the Senior Facility Agent and the Security Agent in connection with the Senior Facilities Agreement.

Repayments

Facility B6 has a final maturity date of seven years from the date of first utilization of such facility (such first utilization date being April 19, 2017), and must be repaid in full on April 19, 2024. Facility B7 is intended to have a final maturity date of seven years from the date of the first utilization of such facility.

The Revolving Facility has a final maturity date of 6.5 years from the date of first utilization of Facility B6 (i.e. October 19, 2023) and each loan must be repaid in full at the end of the relevant interest period. Amounts repaid by the borrowers on loans made under the Revolving Facility may be reborrowed, subject to certain conditions being met.

Prepayments and Cancellation

The Senior Facilities Agreement allows for customary voluntary prepayments of each of Facility B6, Facility B7 and the Revolving Facility (subject to a minimum amount of €1,000,000 and integral multiples thereof),

The Senior Facilities Agreement also includes certain "mandatory prepayment events" including:

- a "change of control" put right in the event of a "change of control" which is not a "specified change of control event"; and
- an "excess cash flow sweep," requiring mandatory prepayments of Facility B6 and Facility B7 with excess cash flow, subject to certain senior secured net leverage levels and certain exceptions.

The Senior Facilities Agreement also contains provisions:

- requiring mandatory prepayment of a lender's participation in the relevant Facility where it becomes unlawful for that lender to perform any of its obligations as contemplated by the Senior Facilities Agreement or to fund, issue or maintain its commitment or participation in any utilization of Facility B6, Facility B7 and/or the Revolving Facility;
- allowing for cancellation of the commitment(s) of a single lender and prepayment of that lender's participation in utilizations under Facility B6, Facility B7 and/or the Revolving Facility (as determined

by EHIL in accordance with the terms of the Senior Facilities Agreement), in certain circumstances where (x) the relevant borrower is required to pay additional amounts under the tax gross up provisions of the Senior Facilities Agreement, (y) a lender claims indemnification from EHIL or an "Obligor" (as defined below) under the "tax indemnity" or "increased costs" provisions of the Senior Facilities Agreement or (z) a lender requests payment from EHIL or an Obligor based on the occurrence of a "market disruption event";

- allowing for cancellation of the available commitments of a "defaulting lender" (which, generally, refers to a lender that (i) has failed to make its participation in a loan available, (ii) has otherwise disaffirmed, rescinded or repudiated a finance document relating to the Senior Facilities Agreement (together, the "Senior Facilities Finance Documents") or (iii) is or has become subject to an "insolvency event" which is continuing and prepayment of that defaulting lender's participation in utilization under Facility B6, Facility B7 and/or the Revolving Facility; and
- allowing for cancellation of commitments of a "non-consenting lender" (which, generally, refers to a lender that has not approved or rejected a request for a consent, release, waiver or amendment of any provision of the Senior Facilities Finance Documents which requires greater than "majority lender" consent (generally, those lenders representing more than 50% of the total commitments outstanding under the Facilities) within a period of 10 business days (or such shorter period as EHIL and the Senior Facility Agent may agree)), and prepayment of all of that lender's participation in Facility B6, Facility B7 and the Revolving Facility.

Additional Facilities

The Senior Facilities Agreement provides for customary "accordion" facilities to be included thereunder, which accordion facilities can be raised, generally, up to a cap of approximately €496 million or, if higher, an amount equal to 100 percent. of the applicable consolidated earnings before interest, tax, depreciation, and amortization of the Group, subject to meeting certain conditions.

The Revolving Facility may, upon cancellation of the Revolving Facility commitments in full, be replaced with a "super senior" revolving facility in an aggregate principal amount of up to €100 million (the "Super Senior RCF").

Guarantees

As at the date of this offering memorandum, the members of the Group which are guarantors of each of the Facilities comprise EHIL, Finco, eircom Limited (Ireland), eircom Limited (Jersey), eircom Finance DAC, Meteor Mobile Communications Limited ("MMCL"), Irish Telecommunications Investments DAC ("ITI"), Meteor Ireland Holdings, LLC, Meteor Mobile Holdings Limited ("MMHL") and eircom (UK) Limited (together, the "Obligors" and each an "Obligor").

Each of the Obligors currently provides a guarantee of all amounts payable to the finance parties under the Senior Facilities Finance Documents.

The Senior Facilities Agreement provides that, subject to certain "agreed security principles" as set out therein and certain "excluded subsidiaries" (including "unrestricted subsidiaries"), generally, each subsidiary of EHIL incorporated in a "Covered Jurisdiction" (as defined below) and that is or becomes a subsidiary representing 5% or more of consolidated earnings before interest, tax, depreciation and amortization of the Group, as determined by reference to the most recent compliance certificate supplied by EHIL to the Senior Facility Agent in respect of the latest annual financial statements of the Group (commencing with the financial year ending June 30, 2018) (each such entity, a "Material Subsidiary")), is required to become a guarantor under the Senior Facilities Agreement (the "Material Subsidiary Test").

Furthermore, EHIL must ensure that, on the date on which the annual financial statements are required to be delivered to the Senior Facility Agent in each financial year (commencing with the annual financial statements to be delivered for the financial year ending June 30, 2018), by reference to such annual financial statements, generally, the aggregate (without double counting) earnings before interest, tax, depreciation and amortization of the guarantors of the Facilities equals or exceeds 80 percent. of consolidated earnings before interest, tax, depreciation and amortization of the members of the Group incorporated in the Covered Jurisdictions (the "Guarantor Coverage Test").

The “Covered Jurisdictions” for the purposes of the Material Subsidiary Test and the Guarantor Coverage Test are England and Wales, Ireland, Northern Ireland, Luxembourg, Jersey and the United States.

Security

Each of Eircom Holdco S.A. (“Holdco”), EHIL, Finco, Meteor Ireland Holdings LLC, eircom Limited (Ireland), eircom Limited (Jersey), MMCL, MMHL, ITI, eircom (UK) Limited and eircom Finance DAC has granted, in favor of the Security Agent, liens and security interests on a first-ranking basis, subject to the operation of certain “agreed security principles” as set out in the Senior Facilities Agreement, certain perfection requirements, certain excluded assets and certain permitted security interests under the Senior Facilities Agreement, over certain of its assets for the benefit of the lenders under the Senior Facilities Agreement as described below:

- in the case of the eircom Finance DAC and Meteor Ireland Holdings, LLC, over all or substantially all of their assets;
- in the case of EHIL, over substantially all of its assets;
- in the case of Holdco, over the shares in EHIL and related rights;
- in the case of Finco, over certain of its bank accounts and its rights in certain intercompany loan agreements with other Group companies;
- in the case of MMHL, over substantially all of its assets other than: (i) certain bank accounts and (ii) licenses granted to MMHL by the Commission for Communications Regulation;
- in the case of eircom (UK) Limited, over substantially all of its assets other than: (i) certain leasehold properties located in Northern Ireland and England; (ii) a general authorization to provide telecommunications services in the United Kingdom and related rights of use for numbers; and (iii) eircom (UK) Limited’s interests in certain agreements with third parties relating to procurement of telecommunications and network services;
- in the case of eircom Limited (Ireland), over substantially all of its assets other than: (i) certain licences granted to eircom Limited (Ireland) by the Commission for Communications Regulation; and (ii) certain bank accounts;
- in the case of eircom Limited (Jersey), over substantially all of its assets other than (i) certain bank accounts; (ii) shares held by eircom Limited (Jersey) in certain of its subsidiaries including Tetra Ireland Communications Limited and EURSCOM GmbH; (iii) certain licenses granted to eircom Limited (Jersey) by the Commission for Communications Regulation; (iv) the property of eircom Limited (Jersey) comprising the Network Management Centre, Citywest Complex, Naas Road, Co. Dublin;
- in the case of MMCL, over substantially all of its assets other than: (i) certain trademark applications made in respect of the “MOSAIC” name; (ii) certain licenses granted to MMCL by the Commission for Communications Regulation; and (iii) certain bank accounts; and
- in the case of ITI, over substantially all of its assets other than: (i) certain licenses granted to ITI by the Commission for Communications Regulation; and (ii) certain bank accounts.

The Senior Facilities Agreement also requires each Material Subsidiary or any other member of the Group which becomes a guarantor of the Facilities, subject to certain “agreed security principles” as set out in the Senior Facilities Agreement, to grant security over its material assets as the Senior Facility Agent and/or the Security Agent may require and security to be granted over its shares.

Representations and Warranties

The Senior Facilities Agreement contains customary representations and warranties (subject to certain exceptions and qualifications), with certain representations and warranties to be repeated on certain dates, including:

- status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement, consents, filings and laws applicable to operations, *pari passu* ranking;
- no insolvency, no filing or stamp taxes, no proceedings pending or threatened, no labour disputes, environmental laws, taxation;

- no default, no misleading information in the information memorandum prepared in connection with the Senior Facilities Agreement, original financial statements of the Group, give a true and fair view of the financial position of the Group, accuracy of Group structure chart;
- intellectual property; and
- centre of main interests and establishments.

Covenants

The Senior Facilities Agreement requires compliance with certain affirmative undertakings, including:

- authorizations and consents;
- compliance with laws and compliance with environmental permits and laws;
- payment of taxes;
- insurance;
- pension schemes;
- intellectual property;
- compliance with the Guarantor Coverage Test;
- further assurance in respect of the security for the Senior Facilities Agreement; and
- obtaining and maintaining a credit rating.

The Senior Facilities Agreement also contains certain negative undertakings as to actions that may be taken by members of the Group, including as to debt incurrence, making "restricted payments," sales of assets and subsidiary stock, incurrence of liens and "permitted collateral liens" on the security for the Senior Facilities Agreement, impairment of the security interests for the Senior Facilities Agreement, lines of business, merger and consolidation of members of the Group and entry into transactions with affiliates.

Financial Covenant—Revolving Facility

The Revolving Facility has the benefit of a customary "springing" senior secured net leverage ratio financial covenant (set at 7.5x on a flatline basis), which will, after a "holiday period" of two accounting quarters following the date of first utilization of Facility B6, be tested quarterly on a rolling basis if the aggregate outstanding amount of cash drawings under the Revolving Facility exceeds 40% of the total Revolving Facility commitments as at the relevant test date (or, if higher, as of April 18, 2017).

EHIL may cure breaches of the Revolving Facility financial covenant by applying an equity contribution as a "cure amount" (provided that such cure rights may not be exercised (i) on more than four occasions in aggregate or (ii) on more than two occasions in any period of four consecutive accounting quarters). If the Revolving Facility financial covenant has been breached but the financial covenant is complied with when tested on the next test date, then this will not result in a default unless a declared default has arisen prior to delivery of the compliance certificate for such next test date (i.e. a "deemed cure").

Covenant Suspension

During the period that a "release condition" is satisfied (generally, where (i) a listing has occurred and the consolidated net leverage ratio for the Group (adjusted as if the proceeds of such listing have been or will be applied in prepayment of the Facilities) is equal to or less than 3.75x or (ii) the long term corporate credit rating of EHIL is equal to or better than Baa3/BBB-), among other things, certain mandatory prepayment requirements, certain affirmative and negative undertakings and the requirement to comply with the Revolving Facility financial covenant shall be suspended.

Events of Default

Customary "events of default" have been included in the Senior Facilities Agreement, the occurrence of which would allow, unless otherwise indicated below, the "majority lenders" (generally, those lenders representing more than 50% of the total commitments outstanding under the Facilities) to direct the Senior

Facility Agent to accelerate all or part of the outstanding loans and/or terminate all commitments under the Senior Facilities Agreement (subject in certain cases to agreed grace periods, financial thresholds, cure rights, clean-up periods and other qualifications), including:

- non-payment of amounts due under the Senior Facilities Finance Documents;
- breach of the Revolving Facility financial covenant, *provided* that, in the event of such breach, only the lenders under the Revolving Facility representing more than 50% of the total commitments outstanding under the Revolving Facility shall initially be entitled to take "enforcement action";
- non-compliance with other obligations under the Senior Facilities Finance Documents;
- inaccuracy of representation, warranty or written statement when made;
- invalidity and unlawfulness of the Senior Facilities Finance Documents;
- non-compliance, in any material respect, with the Intercreditor Agreement by any member of the Group, any "Subordinated Creditor" (as defined below) party to the Intercreditor Agreement or certain of the investors in the Group and their respective affiliates (each a "Sponsor Affiliate");
- cross-default for failure to pay principal or interest in respect of indebtedness of the Group, the principal amount of which equals or exceeds €125 million; and
- insolvency, insolvency proceedings or creditors' processes (and similar events in other jurisdictions).

Governing Law

The Senior Facilities Agreement is governed by English law.

Intercreditor Agreement

General

To establish the relative rights of certain creditors of the Group under certain of the Group's financing arrangements, each of EHIL, Finco, eircom Limited (Ireland), eircom Limited (Jersey), eircom Finance DAC, MMCL, ITI, MMHL, Meteor Ireland Holdings, LLC and eircom (UK) Limited (together, the "Debtors" and each a "Debtor") and Holdco are party to an intercreditor agreement dated April 18, 2017 (the "Intercreditor Agreement"). The Intercreditor Agreement sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Capitalized terms set forth and used in this "*Intercreditor Agreement*" section and not otherwise defined have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this offering memorandum.

The following is a summary of certain of the principal terms of the Intercreditor Agreement. For the purposes of this summary of the Intercreditor Agreement, the term "Group" refers to EHIL and its "restricted subsidiaries."

Definitions

The following defined terms are used in this summary of the Intercreditor Agreement:

"**Acceleration Event**" means the exercise of acceleration rights under the Senior Facilities Agreement or any Permitted Senior Secured Facilities Agreement (a "Senior Acceleration Event"), the exercise of acceleration rights under any Second Lien Facility Agreement (a "Second Lien Lender Acceleration Event"), or the exercise of acceleration rights or any acceleration rights being automatically invoked under any Senior Secured Notes Indenture (a "Senior Secured Notes Acceleration Event") or any Second Lien Notes Indenture (a "Second Lien Notes Acceleration Event").

"**Agent**" means any Senior Agent, any Senior Secured Notes Trustee, any Second Lien Agent and/or any Second Lien Notes Trustee, as the context requires.

"**Agent Liabilities**" means all present and future liabilities and obligations, whether actual or contingent and whether incurred solely or jointly, of any Debtor to any Agent under the Debt Documents, including (without double-counting), any Notes Trustee Amounts.

"**Arranger**" means each Senior Arranger and each Second Lien Arranger.

"**Borrowing Liabilities**" means, in relation to a member of the Group, the liabilities (not being Guarantee Liabilities) it may have as a principal debtor to a Creditor or Debtor in respect of indebtedness arising under the Debt Documents (whether incurred solely or jointly).

"**Creditor Representative**" means:

(a) in relation to the lenders under the Senior Facilities Agreement (together, the "Lenders" and each a "Lender"), the Senior Facility Agent;

(b) in relation to any the lenders under any Permitted Senior Secured Facilities Agreement, a Senior Agent;

(c) in relation to the Senior Secured Noteholders, a Senior Secured Notes Trustee;

(d) in relation to the lenders under any Second Lien Facility Agreement, a Second Lien Agent; and

(e) in relation to the Second Lien Noteholders, a Second Lien Notes Trustee.

"**Creditors**" means the Senior Lenders, the Senior Secured Noteholders, the Hedge Counterparties, the Agents, the Arrangers, the Second Lien Lenders, the Second Lien Noteholders, the Intra-Group Lenders and the Subordinated Creditors.

"**Debt Document**" means each of the Intercreditor Agreement, the Senior Secured Finance Documents, the Second Lien Finance Documents, the Security Documents, any agreement evidencing the terms of Subordinated Liabilities or Intra-Group Liabilities and any other document designated as such by the Security Agent and EHIL.

"**Debtor Liabilities**" means, in relation to a member of the Group, any Liabilities owed to any Debtor (whether actual or contingent and whether incurred solely or jointly) by that member of the Group.

"**Distress Event**" means any of:

(a) an Acceleration Event which has occurred and is continuing; or

(b) the enforcement of any Transaction Security.

"**Final Discharge Date**" means the latest to occur of the Senior Secured Discharge Date and the Second Lien Discharge Date.

"**Guarantee Liabilities**" means, in relation to a member of the Group, the liabilities under the Debt Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have to a Creditor or Debtor as or as a result of it being a guarantor or surety including, without limitation, liabilities arising by way of guarantee, indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Secured Debt Documents.

"**Hedge Counterparty**" means any person which becomes party to the Intercreditor Agreement as a Hedge Counterparty pursuant the Intercreditor Agreement.

"**Hedge Counterparty Obligations**" means the obligations owed by any Hedge Counterparty to the Debtors under or in connection with the Hedging Agreements.

"**Hedging Agreement**" means, at the election of EHIL, any agreement entered into or to be entered into by a Debtor (or any member of the Group that is to become a Debtor) and a Hedge Counterparty in relation to a derivative or hedging arrangement entered into (or which has or will be allocated):

(a) to satisfy any minimum hedging requirements under any of the Finance Documents; and/or

(b) for any purpose not prohibited by the terms of the Finance Documents at the time the relevant agreement is entered into.

"**Hedging Liabilities**" means the Liabilities owed by any Debtor to the Hedge Counterparties under or in connection with the Hedging Agreements, *provided* that the Hedging Liabilities of any Debtor shall not include any Excluded Swap Obligations of such Debtor.

"Insolvency Event," generally, means, in relation to an Obligor (as defined above) or Material Subsidiary (as defined above), any insolvency (or analogous) procedure or step taken in any jurisdiction.

"**Instructing Group**" means at any time:

(a) prior to the Senior Discharge Date, the Majority Senior Creditors and the Majority Senior Secured Notes Creditors (in each case, acting through their respective Agent), *provided* that in relation to any instructions given with respect to:

(i) the enforcement of the Transaction Security;

(ii) the requesting of a Distressed Disposal and/or the release of claims and/or Transaction Security on a Distressed Disposal under the Intercreditor Agreement;

(iii) the giving of instructions as to actions in respect of any Transaction Security in connection with the enforcement of that Transaction Security under the Intercreditor Agreement; and

(iv) the taking of any other actions consequential on (or necessary to effect) the enforcement of the Transaction Security,

or if, at that time, the Security Agent is obliged to give effect to instructions from the Instructing Group as to the manner of enforcement of the Transaction Security, if the aggregate of the Senior Secured Notes Liabilities (ignoring for this purpose Liabilities owing to the Security Agent pursuant to the definition of "Senior Secured Notes Liabilities") and the Senior Secured Notes Trustee Amounts represent less than 30 percent. of the aggregate of the Senior Secured Notes Liabilities (ignoring for this purpose Liabilities owing to the Security Agent pursuant to the definition of "Senior Secured Notes Liabilities"), the Senior Secured Notes Trustee Amounts and the Senior Liabilities, the Agent acting on behalf of the Senior Secured Notes Creditors shall not canvass the Senior Secured Notes Creditors for their vote on such actions and the Senior Secured Notes Creditors shall be deemed to have voted their share in the same manner and in the same proportion as the Senior Creditors;

(b) on or after the Senior Discharge Date but prior to the Senior Secured Notes Discharge Date, the Majority Senior Secured Notes Creditors; and

(c) on or after the Senior Secured Notes Discharge Date, and subject always to the provisions relating to restrictions on enforcement by Second Lien Creditors under the Intercreditor Agreement, the Majority Second Lien Creditors,

provided that, in each case, the Senior Secured Credit Participations and the Second Lien Credit Participations of certain of the investors in the Group and their respective affiliates (as applicable) shall, for the purposes of this definition, be deemed to be zero.

"**Intra-Group Lenders**" means each member of the Group which has made a loan available to, granted credit to or made any other financial arrangement having similar effect with another member of the Group and which is required to become, or otherwise becomes a party to the Intercreditor Agreement as an Intra-Group Lender in accordance with the terms of the Intercreditor Agreement.

"**Intra-Group Liabilities**" means the Liabilities owed by any member of the Group to any of the Intra-Group Lenders (but excluding, for the avoidance of doubt, any Subordinated Liabilities).

"**Liabilities**" means all present and future liabilities and obligations at any time of any member of the Group to any Creditor under the Debt Documents (including by way of grant of Security under such documents), both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

(a) any refinancing, novation, deferral or extension;

(b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

(c) any claim for damages or restitution; and

(d) any claim as a result of any recovery by any Debtor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

"**Majority Second Lien Creditors**" means those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate more than 50 per cent. of the total Second Lien Credit Participations at that time.

"**Majority Senior Creditors**" means, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 66⅔ per cent. of the total Senior Credit Participations at that time.

"**Majority Senior Secured Creditors**" means those Senior Secured Creditors whose Senior Secured Credit Participations at that time aggregate more than 66⅔ per cent. of the total Senior Secured Credit Participations at that time.

"**Majority Senior Secured Notes Creditors**" means those Senior Secured Notes Creditors whose Senior Secured Notes Credit Participations at that time aggregate more than 50%. of the total Senior Secured Notes Credit Participations at that time.

"**Notes Trustee Amounts**" means the Senior Secured Notes Trustee Amounts and/or the Second Lien Notes Trustee Amounts, as the context requires.

"**Original Subordinated Creditor**" means eircom Holdco S.A.

"**Other Liabilities**" means, in relation to a member of the Group, any trading and other liabilities (not being Borrowing Liabilities or Guarantee Liabilities) it may have to any Agent or any Arranger under the Debt Documents or to an Intra-Group Lender or Debtor.

"**Payment**" means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, repurchase, defeasance or discharge of those Liabilities (or other liabilities or obligations).

"**Permitted Senior Secured Facilities Agreement**" means, generally, each facility agreement or other document or instrument evidencing the terms of loan, credit or debt facility which is not prohibited under the terms of the Debt Documents, to rank *pari passu* with the Senior Secured Creditor Liabilities, but excluding the Senior Facilities Agreement, and is designated as such by EHIL (in its discretion) by written notice to the Security Agent.

"**Prior Ranking Financing Agreements**" means

(a) when used in relation to the Second Lien Liabilities, the Senior Facilities Agreement, any Permitted Senior Secured Facilities Agreement or any Senior Secured Notes Indenture; and

(b) when used in relation to the Subordinated Liabilities or Intra-Group Liabilities, the Senior Facilities Agreement, any Permitted Senior Secured Facilities Agreement or any Senior Secured Notes Indenture and any Second Lien Facility Agreement or Second Lien Notes Indenture.

"**Priority Secured Liabilities**" means the Senior Secured Liabilities and the Second Lien Liabilities.

"**Required Creditor Consent**" means the Required Senior Consent and/or the Required Second Lien Consent, as the context requires.

"**Required Second Lien Consent**" means, in relation to any proposed matter, step or action (the "Second Lien Proposed Action"), the prior consent of:

(a) if the Second Lien Proposed Action is prohibited by the terms of a Second Lien Facility Agreement, the Majority Second Lien Lenders under the relevant agreement; and

(b) if any Second Lien Notes are outstanding and the Second Lien Proposed Action is prohibited by the terms of the relevant Second Lien Notes Indenture, the relevant Second Lien Notes Trustee acting on the instructions and consent of the requisite Second Lien Noteholders.

"**Required Senior Consent**" means, in relation to any proposed matter, step or action (the "Senior Secured Proposed Action"), the prior consent of:

(a) if the Senior Secured Proposed Action is prohibited by the terms of the Senior Facilities Agreement, the Majority Senior Lenders;

(b) if the Senior Secured Proposed Action is prohibited by the terms of any Permitted Senior Secured Facilities Agreement, the Majority Permitted Senior Secured Senior Lenders; and

(c) if any Senior Secured Notes are outstanding and the Senior Secured Proposed Action is prohibited by the terms of the relevant Senior Secured Notes Indenture, the relevant Senior Secured Notes Trustee acting on the instructions and consent of the requisite Senior Secured Noteholders.

"**Second Lien Agent**" means the facility agent or any substantially equivalent term under and as defined in a Second Lien Facility Agreement, which has acceded to the Intercreditor Agreement as the Second Lien Agent of those Second Lien Lenders pursuant to the terms of the Intercreditor Agreement.

"**Second Lien Creditors**" means the Second Lien Lenders and the Second Lien Noteholders.

"**Second Lien Discharge Date**" means the first date on which all Second Lien Liabilities have been fully and finally discharged to the satisfaction of each Second Lien Notes Trustee (in the case of the Second Lien Notes Liabilities) and Second Lien Agent (in the case of the Second Lien Lender Liabilities), whether or not as the result of an enforcement, and the Second Lien Creditors (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under any of the Debt Documents.

"**Second Lien Facility Agreement**" means, generally, each facility agreement or other document or instrument evidencing the terms of loan, credit or debt facility documenting a Second Lien Facility where the borrowing or incurrence of the Liabilities to be made available thereunder is not prohibited by the terms of the Debt Documents as at the date of such borrowing or incurrence (as the case may be) and which is designated as such by EHIL (in its discretion) by written notice to the Security Agent.

"**Second Lien Finance Documents**" means the Second Lien Notes Finance Documents and the Second Lien Lender Finance Documents.

"**Second Lien Lenders"** means each "Lender" or any substantially equivalent term under, and as defined in, the relevant Second Lien Facility Agreement.

"**Second Lien Lender Liabilities**" means the Liabilities owed by the Debtors to the Second Lien Lenders under or in connection with the Second Lien Lender Finance Documents, including, for the avoidance of doubt, any such Liabilities in connection with any Second Lien Additional Facility Commitments.

"**Second Lien Liabilities**" means the Second Lien Lender Liabilities and the Second Lien Notes Liabilities.

"**Second Lien Noteholders**" means the registered holders, from time to time, of the Second Lien Notes, as determined in accordance with the relevant Second Lien Notes Indenture.

"**Second Lien Notes Liabilities**" means all Liabilities owed by the Debtors to any Second Lien Notes Finance Party under or in connection with the Second Lien Notes Finance Documents, *provided* that the definition of "Second Lien Notes Liabilities" shall not include the Second Lien Notes Trustee Amounts.

"**Second Lien Notes Trustee**" means any entity acting as trustee or agent under any issue of Second Lien Notes and which accedes to the Intercreditor Agreement, as such, pursuant to the terms of the Intercreditor Agreement.

"**Secured Creditors**" means:

(a) the Senior Secured Creditors; and

(b) the Second Lien Creditors.

"**Secured Debt Documents**" means the Senior Secured Finance Documents and/or the Second Lien Finance Documents as the context requires.

"**Secured Obligations**" means, generally, all the Liabilities and all other present and future obligations at any time due, owing or incurred by any member of the Group and by each Debtor to any Secured Party under the Secured Debt Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.

"**Secured Parties**" means the Security Agent, each of the Agents, any Receiver or Delegate, the Arrangers and the Secured Creditors from time to time but, in the case of each Agent, Arranger or any Secured Creditor, only if it is a party to the Intercreditor Agreement or has acceded to the Intercreditor Agreement, in the appropriate capacity, pursuant to the terms of the Intercreditor Agreement.

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Security Documents**" means:

(a) each of the Transaction Security Documents;

(b) any other document entered into at any time by any of the Debtors creating or expressed to create any Security over all or any part of its assets in respect of any of the obligations of any member of the Group to any of the Secured Parties (in such capacity) under any of the Secured Debt Documents; and

(c) any Security granted under any covenant for further assurance in any of the documents set out in paragraphs (a) and (b) above.

"**Senior Agent**":

(a) means the Senior Facility Agent; and/or

(b) has the meaning given to any substantially equivalent term to that referred to in paragraph (a) above in any Permitted Senior Secured Facilities Agreement,

as the context requires, which is an original party to the Intercreditor Agreement or has acceded to the Intercreditor Agreement as a Senior Agent pursuant to the terms of the Intercreditor Agreement.

"**Senior Creditors**" means the Senior Lenders and the Hedge Counterparties.

"**Senior Discharge Date**" means, generally, the first date on which all Senior Liabilities have been fully and finally discharged to the satisfaction of each Senior Agent (in the case of the Senior Lender Liabilities) and each Hedge Counterparty (in the case of its Hedging Liabilities), whether or not as the result of an enforcement, and the Senior Creditors (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under the Debt Documents.

"**Senior Lender Discharge Date**" means the first date on which all Senior Lender Liabilities have been fully and finally discharged to the satisfaction of each Senior Agent, whether or not as the result of an enforcement, and the Senior Lenders (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under any of the Debt Documents.

"**Senior Lender Liabilities**" means the Liabilities owed by the Debtors to the Senior Lenders under or in connection with the Senior Finance Documents.

"**Senior Lenders**" means, generally, each Lender and any substantially equivalent term to that in each Permitted Senior Secured Facilities Agreement, as the context requires.

"**Senior Liabilities**" means the Senior Lender Liabilities and the Hedging Liabilities.

"**Senior Secured Creditor Liabilities"** means the Senior Lender Liabilities and the Senior Secured Notes Liabilities.

"**Senior Secured Creditor Liabilities Finance Documents**" means the Senior Finance Documents (including, for the avoidance of doubt, any Permitted Senior Secured Facilities Agreement) and the Senior Secured Notes Finance Documents.

"**Senior Secured Creditors**" means the Senior Creditors and the Senior Secured Notes Creditors.

"**Senior Secured Discharge Date**" means the first date on which the Senior Discharge Date and the Senior Secured Notes Discharge Date has occurred.

"**Senior Secured Finance Documents**" means the Senior Finance Documents (including, for the avoidance of doubt, any Permitted Senior Secured Facilities Agreement), the Hedging Agreements and the Senior Secured Notes Finance Documents.

"**Senior Secured Liabilities**" means the Senior Liabilities and the Senior Secured Notes Liabilities.

"**Senior Secured Noteholders**" means the registered holders, from time to time, of the Senior Secured Notes, as determined in accordance with the relevant Senior Secured Notes Indenture.

"**Senior Secured Notes**" means any notes, securities or other debt instruments issued or to be issued by a member of the Group which are designated as such by EHIL (in its discretion) by written notice to the Security Agent.

"**Senior Secured Notes Creditors**" means the Senior Secured Noteholders and each Senior Secured Notes Trustee.

"**Senior Secured Notes Discharge Date**" means the first date on which all Senior Secured Notes Liabilities have been fully and finally discharged to the satisfaction of each applicable Senior Secured Notes Trustee.

"**Senior Secured Notes Liabilities**" means all Liabilities owed by the Debtors to any Senior Secured Notes Finance Party under or in connection with the Senior Secured Notes Finance Documents, *provided* that the definition of "Senior Secured Notes Liabilities" shall not include the Senior Secured Notes Trustee Amounts.

"**Senior Secured Notes Trustee**" means any person acting as trustee or agent under any issue of Senior Secured Notes and which accedes to the Intercreditor Agreement, as such, pursuant to the terms of the Intercreditor Agreement.

"**Subordinated Creditors**" means the Original Subordinated Creditor and any other person that accedes to the Intercreditor Agreement as a Subordinated Creditor.

"**Subordinated Documents**" means any agreement providing for a loan by a Subordinated Creditor to a member of the Group or other agreement or instrument evidencing a loan incurred by any member of the Group to a Subordinated Creditor, but excluding any amount due to an Affiliate of a Subordinated Creditor which is not a member of the Group in the ordinary course of trade.

"**Subordinated Liabilities**" means all money and liabilities now or in the future due or owing to any Subordinated Creditor under any Subordinated Document in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interests and all related costs, charges and expenses but excluding any amount due to an Affiliate of a Subordinated Creditor which is not a member of the Group in the ordinary course of trade.

"**Transaction Security**" means any Security which, to the extent legally possible and subject to any Agreed Security Principles:

(a) is created, or expressed to be created, in favour of the Security Agent as agent or trustee for the other Secured Parties (or a class of Secured Parties) in respect of the Secured Obligations; or

(b) in the case of any jurisdiction in which effective Security cannot be granted in favour of the Security Agent as agent or trustee for the Secured Parties (or a class of Secured Parties), is created, or expressed to be created, in favour of:

   (i) all the Secured Parties (or a class of Secured Parties) in respect of the Secured Obligations; or

   (ii) the Security Agent under a parallel debt and/or joint and several creditorship structure for the benefit of all the Secured Parties (or a class of Secured Parties) in respect of the Secured Obligations,

and which ranks in the order of priority contemplated in the Intercreditor Agreement.

"**Transaction Security Documents**" means any document entered into by any Debtor or the Original Subordinated Creditor (as the case may be) creating or expressed to create Transaction Security.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the Liabilities owed by the Debtors to the Secured Creditors shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking Liabilities as follows:

- *first*, the Hedging Liabilities;
- *second*, the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Agent Liabilities *pari passu* and without any preference between them; and
- *third*, the Second Lien Lender Liabilities and the Second Lien Notes Liabilities, *pari passu* and without any preference between them.

Priority of Security

The Transaction Security shall rank and secure the relevant Liabilities (but only to the extent that such Transaction Security is expressed to secure the relevant Liabilities) in the following order:

- *first*, the Hedging Liabilities;
- *second*, the Liabilities owed to the Security Agent and the Agent Liabilities, the Senior Lender Liabilities and the Senior Secured Notes Liabilities, *pari passu* and without any preference between them; and
- *third*, the Second Lien Lender Liabilities and the Second Lien Notes Liabilities *pari passu* and without any preference between them.

Intra-Group and Subordinated Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities and the Subordinated Liabilities are postponed and subordinated to the Liabilities owed by the Debtors to the Secured Creditors.

Restrictions Relating to Senior Secured Creditor Liabilities

The Debtors may make payments in respect of the Senior Secured Creditor Liabilities at any time in accordance with the Senior Secured Creditor Liabilities Finance Documents.

Amendments and Waivers: Senior Secured Creditor Liabilities Finance Documents

Generally, the relevant Senior Secured Creditors and the Debtors may amend or waive the terms of the Senior Secured Creditor Liabilities Finance Documents in accordance with their terms (and subject to any consent required under them) at any time.

Security and Guarantees: Senior Secured Creditors

Any of the Senior Creditors and the Senior Secured Notes Creditors (and/or the Security Agent, an Agent and/or any other person acting on behalf of any of them) may take, accept or receive the benefit of:

- any Security from any member of the Group (the "Security Provider") in respect of the Senior Secured Liabilities (in addition to the Transaction Security), *provided* that, to the extent legally possible and subject to any Agreed Security Principles:
  - the Security Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);
  - all amounts actually received or recovered by any Senior Creditor or Senior Secured Notes Creditor with respect to any such Security shall immediately be paid to the Security Agent and applied as generally described under the caption "—*Application of Proceeds*" below; and

- such Security may only be enforced in accordance with the provisions of the Intercreditor Agreement.
- any guarantee, indemnity or other assurance against loss from any member of the Group (the "Guarantee Provider") in respect of the Senior Secured Liabilities in addition to those in:
  - the original form of Senior Facilities Agreement, in any Permitted Senior Secured Facilities Agreement or in any Senior Secured Notes Indenture;
  - the Intercreditor Agreement; or
  - any guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to any Agreed Security Principles, given to all the Secured Parties in respect of their Liabilities (a "Common Assurance"),

provided that, generally, to the extent legally possible and subject to any Agreed Security Principles:

- the Guarantee Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity); and
- such guarantee indemnity or assurance against loss is expressed to be subject to the terms of the Intercreditor Agreement.

Restrictions Relating to Hedging Liabilities

Prior to the later of (a) the Senior Lender Discharge Date and (b) the Senior Secured Notes Discharge Date, the Debtors shall not, and EHIL shall procure that no other member of the Group will, make any Payment of any Hedging Liabilities at any time unless the Payment is a "Permitted Hedging Payment" (as defined below) or receipt of the Payment is permitted after an Insolvency Event in the circumstances set out under the caption "*—Permitted Hedge Counterparty Enforcement after Insolvency Event*" below.

The term "Permitted Hedging Payment," generally, refers to any Payment by a Debtor to any Hedge Counterparty in respect of the Hedging Liabilities which is then due to that Hedge Counterparty under any Hedging Agreement in accordance with the terms of that Hedging Agreement:

(i) if the Payment is a scheduled Payment arising under the relevant Hedging Agreement;

(ii) to the extent that the relevant Debtor's obligation to make the Payment arises as a result of the operation of:

(A) any of sections 2(d) (*Deduction or Withholding for Tax*), 2(e) (*Default Interest; Other Amounts*), 8(a) (*Payment in the Contractual Currency*), 8(b) (*Judgments*) and 10 (*Expenses*) of the 1992 ISDA Master Agreement (if the Hedging Agreement is based on a 1992 ISDA Master Agreement);

(B) any of sections 2(d) (*Deduction or Withholding for Tax*), 8(a) (*Payment in the Contractual Currency*), 8(b) (*Judgments*), 9(h)(i) (*Prior to Early Termination*) and 10 (*Expenses*) of the 2002 ISDA Master Agreement (if the Hedging Agreement is based on a 2002 ISDA Master Agreement); or

(C) any provision of a Hedging Agreement which is similar in meaning and effect to any provision listed in paragraphs (A) or (B) above (if the Hedging Agreement is not based on an ISDA Master Agreement);

(iii) to the extent that the relevant Debtor's obligation to make the Payment arises from a Non Credit Related Close Out;

(iv) to the extent that:

(A) the relevant Debtor's obligation to make the Payment arises from a Credit Related Close Out in relation to that Hedging Agreement; and

(B) no Senior Event of Default or Senior Secured Notes Event of Default is continuing at the time of that Payment;

(v) if the Payment is a Payment pursuant to the provisions of the Intercreditor Agreement as generally described below under the caption "*—Application of Proceeds*";

(vi) if the Payment arises directly or indirectly as a result of any close-out, termination or other similar or equivalent action by a member of the Group and:

(A) such close-out, termination or other similar or equivalent action is not prohibited by any Secured Debt Document; and

(B) no Senior Event of Default or Senior Secured Notes Event of Default is continuing at the time of that Payment; or

(vii) generally, if the Instructing Group gives prior consent to the Payment being made,

provided that a Payment contemplated to be made to a Hedge Counterparty will not be a Permitted Hedging Payment if any scheduled Payment due from that Hedge Counterparty to a Debtor under a Hedging Agreement to which they are both party is due and unpaid.

Failure by a Debtor to make a Payment to a Hedge Counterparty which results solely from the restriction on the Debtor making that Payment where there is a scheduled payment due from a Hedge Counterparty, as described in the proviso in the paragraph above, shall not result in a default (howsoever described) in respect of that Debtor under that Hedging Agreement or any other Senior Secured Finance Document or Second Lien Finance Document (as applicable).

Amendments and waivers: Hedging Agreements

The Hedge Counterparties are not permitted to amend or waive any term of the Hedging Agreements unless the amendment or waiver is in accordance with the terms of that Hedging Agreement and does not breach any term of the Intercreditor Agreement.

Security and Guarantees: Hedge Counterparties

The Hedge Counterparties may not take, accept or receive the benefit of any Security, guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Hedging Liabilities other than:

- the Transaction Security;
- any guarantee, indemnity or other assurance against loss contained in, generally:
    - the Intercreditor Agreement or any substantially equivalent provision in a Permitted Senior Secured Facility Agreement;
    - any Common Assurance; or
    - the relevant Hedging Agreement as long as it is no greater in extent than any of those referred to in the foregoing two points above;
- to the extent such Security, guarantee, indemnity or other assurance against loss has (or could have) been granted in compliance with or as otherwise contemplated as generally set out under the caption "*—Restrictions Relating to Senior Secured Creditor Liabilities—Security and Guarantees: Senior Secured Creditors*" above; and
- the indemnities contained in the ISDA Master Agreements (in the case of a Hedging Agreement which is based on an ISDA Master Agreement) or any indemnities which, in terms of the rights to which they give rise, are similar in meaning and effect to those indemnities (in the case of a Hedging Agreement which is not based on an ISDA Master Agreement).

Restriction on Enforcement—Hedge Counterparties

Other than as generally described below under the captions "*—Permitted Hedge Counterparty Enforcement*" and "*—Required Hedge Counterparty Enforcement*," Hedge Counterparties are not permitted to take any Enforcement Action in respect of the Hedging Liabilities or any hedging transactions under the Hedging Agreements at any time.

Permitted Hedge Counterparty Enforcement

In certain circumstances as set out in the Intercreditor Agreement a Hedge Counterparty is entitled to terminate or close out a hedging transaction prior to its stated maturity.

In addition, if a Debtor has defaulted on a Payment due under a Hedging Agreement and the default has continued unwaived for more than 5 Business Days after notice of the default has been given to the Security Agent, the relevant Hedge Counterparty may, to the extent it is able to do so under the relevant Hedging Agreement, terminate or close out in whole or in part any hedging transaction under that Hedging Agreement, and, until such time as the Security Agent has given notice to that Hedge Counterparty that the Transaction Security is being enforced (or that any formal steps are being taken to enforce the Transaction Security), shall be entitled to exercise any right it might otherwise have to sue for, commence or join legal or arbitration proceedings against any Debtor to recover any Hedging Liabilities due under that Hedging Agreement.

To the extent permitted under applicable law, after the occurrence of an Insolvency Event in relation to any Obligor or Material Subsidiary, each Hedge Counterparty shall be entitled to exercise any right it may otherwise have in respect of that member of the Group to:

- prematurely close out or terminate any Hedging Liabilities of that member of the Group;
- make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Hedging Liabilities;
- exercise any right of set off or take or receive any Payment in respect of any Hedging Liabilities of that member of the Group; or
- claim and prove in the liquidation of that member of the Group for the Hedging Liabilities owing to it.

Required Hedge Counterparty Enforcement

Generally, and subject to certain exceptions as set out in the Intercreditor Agreement, a Hedge Counterparty shall promptly terminate or close-out in full any hedging transaction under all or any of the Hedging Agreements to which it is party prior to their stated maturity, following:

(i) the occurrence of a Senior Acceleration Event or a Senior Secured Notes Acceleration Event and delivery to it of a notice from the Security Agent that a Senior Acceleration Event or Senior Secured Notes Acceleration Event (as applicable) has occurred; and

(ii) delivery to it of a subsequent notice from the Security Agent (acting on the instructions of an Instructing Group) instructing it to do so.

If a Hedge Counterparty is entitled to terminate or close out any hedging transaction due to a payment default as described in the second paragraph under the caption "—*Permitted Hedge Counterparty Enforcement*" above, but the Hedge Counterparty has not terminated or closed out the hedging transaction, that Hedge Counterparty is required to promptly terminate or close out in full the relevant hedging transaction upon the request of the Security Agent (acting on the instructions of the Instructing Group).

Restrictions relating to Second Lien Liabilities

Until the Senior Secured Discharge Date, EHIL shall not (and shall ensure that no member of the Group will):

(a) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Second Lien Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Second Lien Liabilities except as otherwise permitted under the Intercreditor Agreement, including as described under the captions "—*Permitted Second Lien Payments*" and "—*Permitted Second Lien Enforcement*" below;

(b) exercise any set-off against any Second Lien Liabilities except as otherwise permitted under the Intercreditor Agreement, including as described under the captions "—*Permitted Second Lien Payments*" and "—*Permitted Second Lien Enforcement*" below; or

(c) subject to certain exceptions as set out in the Intercreditor Agreement, create or permit to subsist any Security over any assets of any member of the Group or give any guarantee from any member of the Group for, or in respect of, any Second Lien Liabilities.

Permitted Second Lien Payments

Prior to the Senior Secured Discharge Date, the Debtors may, directly or indirectly, make Payments to the Second Lien Lenders in respect of the Second Lien Lender Liabilities at any time in accordance with the Second

Lien Lender Finance Documents under certain customary permissions as set out in the Intercreditor Agreement, including:

(a) if:

(i) the Payment is not prohibited by the Prior Ranking Financing Agreements or, to the extent prohibited, the Required Senior Consent has been obtained for any Payment;

(ii) no "Second Lien Payment Stop Notice" (as defined below) is outstanding;

(iii) no Senior Secured Payment Default has occurred and is continuing; and

(iv) the Payment is expressly permitted under the terms of the Intercreditor Agreement pursuant to certain customary permissions; or

(b) if the Majority Senior Secured Creditors give prior consent to that Payment being made.

On and after the Senior Secured Discharge Date, the Debtors may, directly or indirectly, make Payments to the Second Lien Lenders in respect of the Second Lien Lender Liabilities at any time in accordance with the Second Lien Lender Finance Documents.

Prior to the Senior Secured Discharge Date, the Debtors may, directly or indirectly, make Payments to the Second Lien Noteholders in respect of the Second Lien Notes Liabilities at any time in accordance with the Second Lien Notes Finance Documents under certain customary permissions as set out under the terms of the Intercreditor Agreement, including:

(a) if:

(i) the Payment is not prohibited by the Prior Ranking Financing Agreements or, to the extent prohibited, the Required Senior Consent has been obtained; and

(ii) no Second Lien Payment Stop Notice is outstanding; and

(iii) no Senior Secured Payment Default has occurred and is continuing; or

(b) if the Payment is of any other amount not exceeding EUR 5,000,000 (or its equivalent in other currencies) in aggregate in any 12-month period; or

(c) if the Majority Senior Secured Creditors give prior consent to that Payment being made.

On or after the Senior Secured Discharge Date, the Debtors may, directly or indirectly, make Payments to the Second Lien Noteholders in respect of the Second Lien Notes Liabilities at any time in accordance with the Second Lien Notes Finance Documents.

Amendments and waivers: Second Lien Finance Documents

The Second Lien Creditors and the Debtors may amend or waive the terms of the Second Lien Finance Documents in accordance with their terms (and subject to any consent required under them) at any time.

Issue of Second Lien Payment Stop Notice

A Second Lien Payment Stop Notice is outstanding during the period from the date on which, following the occurrence of a Material Event of Default, the Security Agent (acting on the instructions of the Majority Senior Secured Creditors) issues a notice (a "Second Lien Payment Stop Notice") to the Second Lien Creditor Representative(s) (with a copy to EHIL) advising it that the relevant Material Event of Default has occurred and is continuing and suspending Payments of the Second Lien Liabilities until the first to occur of:

(i) the date falling 120 days after delivery of that Second Lien Payment Stop Notice;

(ii) the date on which a Second Lien Default occurs for failure to pay principal at the original scheduled maturity of the relevant Second Lien Liabilities;

(iii) if a Second Lien Standstill Period (as defined below) commences after the issue of a Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;

(iv) the date on which the relevant Material Event of Default has been remedied or waived in accordance with the terms of the Senior Secured Finance Documents;

(v) the date on which the Security Agent (acting on the instructions of the Majority Senior Secured Creditors) delivers a notice to EHIL and the Second Lien Creditor Representative(s) cancelling the Second Lien Payment Stop Notice;

(vi) the Senior Secured Discharge Date; and

(vii) the date on which the Second Lien Creditors take any Enforcement Action that they are permitted to take as generally described below under the caption "*—Permitted Second Lien Enforcement*."

No Second Lien Payment Stop Notice may be served by the Security Agent in reliance on a particular Material Event of Default more than 45 days after the occurrence of the Event of Default constituting that Material Event of Default.

No more than one Second Lien Payment Stop Notice may be served (x) with respect to the same event or set of circumstances or (y) in any period of 360 days.

Restriction on Enforcement—Second Lien Creditors

Until the Senior Secured Discharge Date, except with the prior consent of or as required by an Instructing Group, no Second Lien Creditor shall take or require the taking of any Enforcement Action against a member of the Group in relation to the Second Lien Liabilities, except as generally described below under the caption "*—Permitted Second Lien Enforcement*."

Permitted Second Lien Enforcement

Subject to certain exceptions as generally described below under the caption "*—Enforcement on behalf of Second Lien Creditors*," each Second Lien Creditor may take any Enforcement Action in respect of any of the Second Lien Liabilities owed to it if at the same time as, or prior to, that action:

(a) a Senior Acceleration Event or a Senior Secured Notes Acceleration Event has occurred in which case each Second Lien Creditor may take the same Enforcement Action (but in respect of the Second Lien Liabilities) as constitutes that Senior Acceleration Event or Senior Secured Notes Acceleration Event;

(b) a Second Lien Creditor Representative has given notice to the Security Agent specifying that a Second Lien Event of Default (other than as a result of, generally, a "cross default" event of default for a failure to pay principal or interest in respect of any indebtedness) has occurred and is continuing and:

   (i) a period (a "Second Lien Standstill Period") of not less than:

      (1) 90 days in the case of a failure to make a payment of an amount of principal, interest, premium, additional amounts or fees representing the Second Lien Liabilities; or

      (2) 120 days in the case of an Event of Default under any provision in any Second Lien Facility Agreement substantially equivalent to the Revolving Facility financial covenant of the Senior Facilities Agreement (if any); and

      (3) 150 days in the case of any other Second Lien Event of Default,

   or, in relation to any Second Lien Liabilities, such longer period (if any) as agreed between EHIL (in its discretion) and the Second Lien Creditor Representative in relation to such Second Lien Liabilities and notified to the Security Agent in each case which has elapsed from the date on which that Second Lien Enforcement Notice becomes effective; and

   (ii) that Second Lien Event of Default is continuing at the end of the Second Lien Standstill Period; or

(c) the consent of the Instructing Group for that Enforcement Action is obtained.

To the extent permitted under applicable law, after the occurrence of an Insolvency Event, each Second Lien Creditor may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Second Lien Creditor as generally described in the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below) exercise any right they may otherwise have against that Obligor or Material Subsidiary to:

(a) accelerate any of that Debtor's Second Lien Liabilities or declare them prematurely due and payable or payable on demand;

(a) make a demand under any guarantee, indemnity or other assurance against loss given by that Debtor in respect of any Second Lien Liabilities;

(b) exercise any right of set-off or take or receive any Payment or claim in respect of any Second Lien Liabilities of that Debtor; or

(c) claim and prove in the liquidation, administration or other insolvency proceedings of that Debtor for the Second Lien Liabilities owing to it.

The Second Lien Creditors may take Enforcement Action as described above in relation to a Second Lien Event of Default even if, at the end of any relevant Second Lien Standstill Period or at any later time, a further Second Lien Standstill Period has begun as a result of any other Second Lien Event of Default.

Enforcement on behalf of Second Lien Creditors

Generally, and notwithstanding the foregoing, if the Security Agent is enforcing Security over shares of a Debtor, no Second Lien Creditor may take any Enforcement Action against that Debtor where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Restrictions on Subordinated Liabilities

Prior to the Final Discharge Date, the Debtors shall not, and shall procure that no other member of the Group will, make any Payment of the Subordinated Liabilities at any time unless:

(a) that Payment is permitted as generally described under the caption "—*Permitted Subordinated Liabilities Payments*" below; or

(b) the taking or receipt of that Payment is permitted as generally described under the caption "—*Permitted Subordinated Creditor Enforcement*" below.

Permitted Subordinated Liabilities Payments

A member of the Group may directly or indirectly make any Payments in respect of the Subordinated Liabilities (whether of principal, interest or otherwise) if such payment is not prohibited by the Prior Ranking Financing Agreements or, to the extent prohibited, if the Required Creditor Consent has been obtained.

Security and Guarantees: Subordinated Liabilities

Prior to the Final Discharge Date, the Subordinated Creditors may not take, accept or receive the benefit of any Security, guarantee, indemnity or other assurance against loss in respect of Subordinated Liabilities unless:

(a) that Security, guarantee, indemnity or other assurance against loss is not prohibited by the Prior Ranking Financing Agreements; or

(b) in relation to each Prior Ranking Financing Agreement that prohibits that Security, guarantee, indemnity or other assurance against loss, the Required Creditor Consent has been obtained.

Permitted Subordinated Creditor Enforcement

After the occurrence of an Insolvency Event, each Subordinated Creditor may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Subordinated Creditor as generally described in the fourth paragraph under the caption "—*Effect of Insolvency Event; Filing of Claims*" below) exercise any right it may otherwise have in respect of that member of the Group to:

(a) accelerate any of that member of the Group's Subordinated Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Subordinated Liabilities;

(c) exercise any right of set-off or take or receive any Payment in respect of any Subordinated Liabilities of that member of the Group; or

(d) claim and prove in the liquidation, administration or other insolvency proceedings of that member of the Group for the Subordinated Liabilities owing to it,

but shall not take any other Enforcement Action.

Restrictions on Intra-Group Liabilities

Prior to the Final Discharge Date, the Debtors shall not, and shall procure that no other member of the Group will, make any Payment of the Intra-Group Liabilities at any time unless:

(a) that Payment is permitted as generally described under the caption "*—Permitted Intra-Group Liabilities Payments*" below; or

(b) the taking or receipt of that Payment is permitted as generally described under the caption "*—Permitted Intra-Group Lender Enforcement*" below.

Permitted Intra-Group Liabilities Payments

The Debtors may, directly or indirectly, make Payments in respect of the Intra-Group Liabilities (whether of principal, interest or otherwise), including by way of set-off or conversion to equity of the relevant member of the Group, at any time, *provided* that Payments in respect of the Intra-Group Liabilities may not be made if, at the time of the Payment, an Acceleration Event has occurred and is continuing, unless:

(i) an Instructing Group consents to that Payment being made;

(ii) in relation to each Prior Ranking Financing Agreement that prohibits the Payment being made, the Required Creditor Consent has been obtained; or

(iii) that Payment is made to facilitate the Payment of:

(A) prior to the Senior Secured Discharge Date, the Senior Secured Creditor Liabilities, the Hedging Liabilities, the Agent Liabilities or the Arranger Liabilities;

(B) on or after the Senior Secured Discharge Date, the Second Lien Creditor Liabilities and the Second Lien Agent Liabilities; or

(C) Liabilities owed to the Security Agent.

Security and Guarantees: Intra-Group Liabilities

Prior to the Final Discharge Date, the Intra-Group Lenders may not take, accept or receive the benefit of any Security, guarantee, indemnity or other assurance against loss in respect of the Intra-Group Liabilities unless:

- that security, guarantee, indemnity or other assurance against loss is not prohibited by the Prior Ranking Financing Agreements; or
- to the extent prohibited, the Required Creditor Consent has been obtained.

Permitted Intra-Group Lender Enforcement

After the occurrence of an Insolvency Event, each Intra-Group Lender may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra-Group Lender), exercise any right it may otherwise have against that member of the Group to:

- accelerate any of that member of the Group's Intra-Group Liabilities or declare them prematurely due and payable or payable on demand;
- make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra-Group Liabilities;
- exercise any right of set off or take or receive any Payment in respect of any Intra-Group Liabilities of that member of the Group; or
- claim and prove in the liquidation, administration or other insolvency proceedings of that member of the Group for the Intra-Group Liabilities owing to it.

Effect of Insolvency Event; Filing of Claims

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event, any party to the Intercreditor Agreement entitled to receive a distribution out of the assets of that Obligor or Material Subsidiary in respect of Liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the

Security Agent until the Liabilities owing to the Secured Parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it as generally described under the caption "—*Application of Proceeds*" below.

Subject to certain exceptions as set out in the Intercreditor Agreement, to the extent that any member of the Group's Liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event, any Creditor which benefited from that set-off shall pay an amount equal to the amount of the Liabilities owed to it which are discharged by that set-off to the Security Agent for application as generally described under the caption "—*Application of Proceeds*" below.

If the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the Liabilities, the Liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the Liabilities.

Generally, after the occurrence of an Insolvency Event, each Creditor irrevocably authorises the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's Liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of Group's Liabilities; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of Group's Liabilities.

Generally, each Creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters referred to in this "—*Effect of Insolvency Event; Filing of Claims*" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "—*Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent requests that a Creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require) to enable the Security Agent to take such action.

Turnover

Subject to certain exceptions, the Intercreditor Agreement provides that if any Creditor receives or recovers from any member of the Group:

(i) any Payment or distribution of, or on account of, or in relation to, any of the Liabilities which is not a payment permitted under the Intercreditor Agreement or made in accordance with the provisions of the Intercreditor Agreement generally described under the caption "—*Application of Proceeds*" below;

(ii) other than as referred to in the second paragraph under the caption "—*Effect of Insolvency Event; Filing of Claims*" above, any amount by way of set-off in respect of any of the Liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement:

(iii) any amount:

  (A) on account of, or in relation to, any of the Liabilities after the occurrence of a Distress Event or as a result of any other litigation or proceedings against a member of the Group (other than after the occurrence of an Insolvency Event); or

  (B) by way of set-off in respect of any of the Liabilities owed to it after the occurrence of a Distress Event,

  other than, in each case, any amount received or recovered in accordance with the provisions set out below under the caption "—*Application of Proceeds*;"

(iv) the proceeds of any enforcement of any Transaction Security except as generally described under the caption "—*Application of Proceeds*" below; or

(v) other than as referred to in the second paragraph under the caption "—*Effect of Insolvency Event; Filing of Claims*" above, any distribution in cash or in kind or Payment of, or on account of or in relation to, any of the Liabilities owed by any member of Group which is not in accordance with the provisions of the Intercreditor Agreement as generally described under the caption "—*Application of Proceeds*" below and which is made as a result of, or after, the occurrence of an Insolvency Event, that Creditor will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of Security

Enforcement Instructions

The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by: (i) the Instructing Group; or (ii) if required under the provisions described in the third paragraph of this caption *"—Enforcement Instructions"* below, the Second Lien Agent or Second Lien Notes Trustee (acting on the instructions of the Majority Second Lien Creditors as applicable).

Subject to the Transaction Security having become enforceable in accordance with its terms: (i) the Instructing Group; or (ii) to the extent permitted to enforce or to require the enforcement of the Transaction Security prior to the Senior Secured Discharge Date as generally described under the caption "*—Restrictions Relating to Second Lien Liabilities—Permitted Second Lien Enforcement*," a Second Lien Agent or Second Lien Notes Trustee (acting on the instructions of the Majority Second Lien Creditors), may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as they see fit.

Prior to the Senior Secured Discharge Date: (i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Second Lien Creditors are then entitled to give to the Security Agent as generally described under the caption "*—Restrictions Relating to Second Lien Liabilities—Permitted Second Lien Enforcement*" above.

No Secured Party shall have any independent power to enforce any Transaction Security or to exercise any rights or powers arising under the Security Documents except through the Security Agent.

Manner of Enforcement

If the Transaction Security is being enforced as set forth above under the caption "*—Enforcement Instructions*," the Security Agent shall enforce the Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent): (a) as an Instructing Group shall instruct; (b) prior to the Senior Secured Discharge Date, generally, if the Security Agent has received instructions from the Majority Second Lien Creditors and the Instructing Group has not given instructions as to the manner of enforcement of the Transaction Security, as the Majority Second Lien Creditors shall instruct; or, (c) in the absence of any such instructions, as the Security Agent sees fit.

Exercise of Voting Rights

Each Creditor and each Subordinated Creditor agrees (to the fullest extent permitted by law at the relevant time) with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. Generally, the Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group.

Waiver of Rights

To the extent permitted under applicable law and subject to the provisions of the Intercreditor Agreement, each of the Secured Parties and the Debtors waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations, is so applied.

Consultation Period

Subject to the following paragraph, before giving any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action, the Agent(s) of the Creditors represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other Agent, each other Hedge Counterparty and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of up to ten (10) Business Days from the date on which details of the proposed instructions are received by such Agents, Hedge Counterparties and the Security Agent (or such shorter period as each other Agent, each Hedge Counterparty and the Security Agent shall agree) (the "Consultation Period"), and only following the expiry of a Consultation Period, shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action.

No Agent or Hedge Counterparty shall be obliged to consult as contemplated in the paragraph above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Security Documents) if:

(i) the Transaction Security has become enforceable as a result of an Insolvency Event; or

(ii) the Instructing Group or any Agent of the Creditors represented in the Instructing Group determines in good faith (and notifies each Agent, each Hedge Counterparty and the Security Agent) that to enter into such consultation and delay the commencement of enforcement of the Transaction Security could reasonably be expected to have a material adverse effect on (x) the Security Agent's ability to enforce any of the Transaction Security or (y) the realization proceeds of any enforcement of the Transaction Security.

Proceeds of Disposals

Non-Distressed Disposals

Generally, the Security Agent is irrevocably authorized and instructed to, in respect of a disposal of, or in respect of, an asset of a Debtor or an asset which is subject to Transaction Security:

(i) release any Transaction Security and/or any other claim (including relating to a Debt Document) over the asset; and

(ii) where the asset consists of shares in the capital of a Debtor, release any Transaction Security and/or any other claim (including relating to a Debt Document) over that Debtor or its assets and (if any) the Subsidiaries of that Debtor and their respective assets,

provided that, generally, such disposal is not a "Distressed Disposal" (as defined below) (a "Non-Distressed Disposal").

The Security Agent is irrevocably authorized and instructed to enter into and deliver such documentation as the Security Agent considers necessary to give effect to any release described in the paragraph above.

If any proceeds from a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Secured Obligations or to be offered to Secured Parties pursuant to the terms of the relevant Debt Documents then such proceeds shall be applied in or towards Payment of such Secured Obligations or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Debt Documents and the consent of any other party to the Intercreditor Agreement shall not be required for that application.

Distressed Disposals

A "Distressed Disposal" is a disposal of an asset or shares of, or other financial securities issued by, a member of the Group which is, generally, (a) being effected at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable, (b) being effected by enforcement of Transaction Security or (c) effected after the occurrence of a Distress Event by a Debtor to a person or persons which is not a member of the Group.

If a Distressed Disposal is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or EHIL):

(i) to release the Transaction Security or any other claim over that asset and execute and deliver or enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

(A) that Debtor and any Subsidiary of that Debtor from all or any part of its Borrowing Liabilities, its Guarantee Liabilities and its Other Liabilities;

(B) any Transaction Security granted by that Debtor or any Subsidiary of that Debtor over any of its assets; and

(C) any other claim of an Intra-Group Lender, a Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any Subsidiary of that Debtor,

on behalf of the relevant Creditors and Debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any Holding Company of a Debtor, to release:

(A) that Holding Company and any Subsidiary of that Holding Company from all or any part of its Borrowing Liabilities, its Guarantees Liabilities and its Other Liabilities;

(B) any Transaction Security granted by that Holding Company or any Subsidiary of that Holding Company over any of its assets; and

(C) any other claim of an Intra-Group Lender, a Subordinated Creditor or another Debtor over the assets of that Holding Company or any Subsidiary of that Holding Company,

on behalf of the relevant Creditors and Debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and, generally, the Security Agent decides to dispose of all or any part of the Liabilities or the Debtor Liabilities owed by that Debtor or Holding Company or any Subsidiary of that Debtor or Holding Company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those Liabilities or Debtor Liabilities (the "Transferee") will be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtor Liabilities, *provided* that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Security Agent does intend that any Transferee will be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all (and not part only) of the Liabilities owed to the Secured Creditors and all or part of any other Liabilities and the Debtor Liabilities, on behalf of, in each case, the relevant Creditors and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the Intra-Group Liabilities or the Debtor Liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (if the Receiving Entity is a Holding Company of the Disposed Entity which is also a guarantor of Secured Liabilities) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Liabilities or Debtor Liabilities disposed of in accordance with paragraph (iv) above) shall be paid to the Security Agent for application as generally described under the caption "—*Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Liabilities or Debtor Liabilities has occurred, as if that disposal of Liabilities or Debtor Liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of Liabilities in accordance with paragraph (iv) above), effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of Liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give, and have given, instructions under the provisions of the Intercreditor Agreement generally described in the third paragraph under the caption "*—Enforcement of Security—Enforcement Instructions*" above, or the provisions of the Intercreditor Agreement generally described under the caption "*—Enforcement of Security—Manner of Enforcement*" above, the Security Agent is not authorized to release any Debtor, Subsidiary or Holding Company from any Borrowing Liabilities or Guarantee Liabilities owed to any Senior Secured Creditor unless those Borrowing Liabilities or Guarantee Liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full following that release.

If, before the Second Lien Discharge Date, a Distressed Disposal is being effected such that the Second Lien Liabilities and Transaction Security over shares in a Second Lien Borrower or issuer of Second Lien Notes or assets of a Second Lien Borrower, issuer of Second Lien Notes or Second Lien Guarantor will be released as contemplated under paragraphs (i)-(v) above of this "*—Distressed Disposals*" section, it is a further condition to the release that either:

(a) each Second Lien Agent and each Second Lien Notes Trustee (as applicable) has approved the release; or

(b) where shares or assets of a Second Lien Borrower, issuer of Second Lien Notes or a Second Lien Guarantor are sold:

  (i) the proceeds of such sale or disposal are in cash (or substantially in cash) and/or other marketable securities or, if the proceeds of such sale or disposal are not in cash (or substantially in cash) and/or other marketable securities, the requirements of paragraph (C)(2) below are satisfied; and

  (ii) all claims of the Senior Secured Creditors (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any) all of whose shares are pledged in favour of the Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its Affiliates), and all Security under the Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, *provided* that in the event of a sale or disposal of any such claim (instead of a release or discharge):

    (A) where the Senior Secured Creditors (or any group or class of Senior Secured Creditors) constitute the Instructing Group, the Senior Agent(s) and Senior Secured Notes Trustee(s):

      (1) determine acting reasonably and in good faith that the Senior Secured Creditors will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Senior Secured Liabilities; and

      (2) serve a notice on the Security Agent notifying the Security Agent of the same; and

    (B) where the Second Lien Creditors constitute the Instructing Group, the Second Lien Agent(s) and the Second Lien Notes Trustee(s)):

      (1) determine, acting reasonably and in good faith, that the Secured Parties (collectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Priority Secured Liabilities; and

      (2) serve a notice on the Security Agent notifying the Security Agent of the same,

  in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser) and the consideration for such sale or transfer may be in the form of non-cash consideration by way of: (x) where the Senior Secured Creditors constitute the Instructing Group, the Senior Secured Creditors bidding by an appropriate mechanic all or part of the Senior Secured Liabilities (such that the Senior Secured Liabilities would, on completion, be discharged to the extent of an amount equal to the amount of the offer made by the relevant Senior Secured Creditors); or (y) where the Second Lien Creditors constitute the Instructing Group, the Second Lien Creditors bidding by an appropriate mechanic all or part of the Second Lien Liabilities (such that the Second Lien Liabilities would, on completion, be discharged to the extent of an amount equal to the amount of the offer made by the relevant Second Lien Creditors); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(1) pursuant to a competitive sales process; or

(2) where an independent investment bank or an internationally recognized firm of accountants or a reputable independent third party professional firm which is regularly engaged in providing valuations in respect of the relevant type and size of the assets concerned, in each case selected by the Security Agent, has delivered an opinion (including an enterprise valuation of the Group which can be relied upon by the Security Agent and disclosed to the Senior Secured Creditors and the Second Lien Creditors on a non-reliance basis) in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement provided that the liability of such investment bank or internationally recognized firm of accountants in giving such opinion may be limited to the amount of its fees in respect of such engagement.

For the purposes of the actions described in paragraphs (iv) and (v) of the second paragraph of this "—*Distressed Disposals*" section and those described in the fourth and sixth paragraphs of this "—*Distressed Disposals*" section, the Security Agent shall act: (a) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security, in accordance with the provisions of the Intercreditor Agreement generally described under the caption "—*Enforcement of Security—Manner of Enforcement*" above; and (b) in any other case, in such manner as an Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

Application of Proceeds

Order of Application

The Intercreditor Agreement generally provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document or in connection with the realization or enforcement of all or any part of the Transaction Security (for the purposes of this "—*Application of Proceeds*" section, the "Recoveries") shall be applied at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this "—*Application of Proceeds*" section), in the following order of priority:

(i) in discharging any sums owing to a Senior Creditor Representative (in respect of Senior Agent Liabilities), the Security Agent, any Receiver or any Delegate and any Second Lien Creditor Representative (in respect of the Second Lien Agent Liabilities) on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any Agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent in accordance with the terms of the Intercreditor Agreement;

(iii) in payment to the Hedge Counterparties for an application towards the discharge of the Hedging Liabilities on a *pro rata* and *pari passu* basis between the Hedging Liabilities of each Hedge Counterparty;

(iv) in payment to:

(A) each Senior Agent on its own behalf and on behalf of the relevant Senior Arrangers and the relevant Senior Lenders; and

(B) each Senior Secured Notes Trustee on its own behalf and on behalf of the relevant Senior Secured Notes Creditors,

for application towards the discharge of:

(I) the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents); and

(II) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents),

on a *pro rata* basis and ranking *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(v) in payment to:

(A) each Second Lien Agent on its own behalf and on behalf of the relevant Second Lien Arrangers and the relevant Second Lien Lenders; and

(B) each Second Lien Notes Trustee on its own behalf and on behalf of the relevant Second Lien Notes Creditors,

for application towards the discharge of:

(I) the Second Lien Arranger Liabilities and the Second Lien Lender Liabilities (in accordance with the terms of the Second Lien Lender Finance Documents); and

(II) the Second Lien Notes Liabilities (in accordance with the terms of the Second Lien Notes Finance Documents),

on a *pro rata* basis and ranking *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(vi) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(vii) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement generally provides that if, for any reason, any Senior Secured Liabilities remain unpaid after the Enforcement Date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the Senior Secured Creditors at the Enforcement Date, the Senior Secured Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Consents, Amendments and Override

The Intercreditor Agreement provides that, subject to certain exceptions (including as described below under this "—*Consents, Amendments and Override*" caption) and customary disenfranchisement provisions, the Intercreditor Agreement and/or a Security Document may be amended or waived only with the written consent of:

(i) the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the Senior Facilities Agreement);

(ii) the relevant Senior Agent (if applicable, acting on the instructions of the requisite Senior Lenders in accordance with the relevant Permitted Senior Secured Facilities Agreement);

(iii) the relevant Senior Secured Notes Trustee (if applicable, acting on the instructions of the requisite Senior Secured Noteholders in accordance with the relevant Senior Secured Notes Indenture);

(iv) the relevant Second Lien Agent (if applicable, acting on the instructions of the requisite Second Lien Lenders in accordance with the relevant Second Lien Facility Agreement);

(v) the relevant Second Lien Notes Trustee (if applicable, acting on the instructions of the requisite Second Lien Noteholders in accordance with the relevant Second Lien Notes Indenture);

(vi) if a Hedge Counterparty is providing hedging to a Debtor under a Hedging Agreement, that Hedge Counterparty (in each case, only to the extent that the relevant amendment or waiver (x) would adversely affect the continuing rights and obligations of that Hedge Counterparty and (y) is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable Hedging Agreement, as notified by EHIL to the Security Agent at the time of the relevant amendment or waiver); and

(vii) EHIL.

Any amendment, waiver or consent that only affects one or more classes of Creditors, and which does not materially and adversely affect the interests of the other classes of Creditors, may be approved only with the consent of the Agent, a Hedge Counterparty or Agents or Hedge Counterparties (as the case may be) acting on behalf of the affected class or classes, and EHIL

Any term of the Intercreditor Agreement or a Security Document may be amended or waived by EHIL and the Security Agent without the consent of any other party to the Intercreditor Agreement, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or otherwise for the benefit of all the Secured Parties.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement, the Security Agent may, if EHIL consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Security Documents which shall be binding on each party to the Intercreditor Agreement.

Subject to the certain exceptions under the Intercreditor Agreement, any amendment or waiver of, or consent under, any Security Document which would adversely affect the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed requires approval in accordance with the provisions of the Intercreditor Agreement generally described under the first paragraph of this "—*Consents, Amendments and Override*" section.

Exceptions

Subject to the following paragraph of this "—*Exceptions*" section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an Agent, an Arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that Agent, that Arranger or the Security Agent (as the case may be).

Neither the paragraph above nor the provisions of the Intercreditor Agreement generally described under the caption "—*Amendments and Waivers: Security Documents*" above, shall apply:

(i) to any release of Transaction Security, claim or Liabilities; or

(ii) to any consent,

which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary.

Security Agent and Notes Trustee Protections

The Intercreditor Agreement contains customary protections for each of the Security Agent, each Senior Secured Notes Trustee and each Second Lien Notes Trustee in relation to their respective duties and obligations, some of which limit the liabilities and duties of the Security Agent and each such Senior Secured Notes Trustee and Second Lien Notes Trustee (as the case may be).

Governing Law

The Intercreditor Agreement is governed by English law.

DESCRIPTION OF THE NOTES

The € aggregate principal amount of % Senior Secured Notes due 2026 (the "Notes") offered hereby will be issued by eircom Finance DAC (the "Issuer") under an indenture dated as of the Issue Date (the "Indenture") among, *inter alios*, the Issuer, eircom Holdings (Ireland) Limited (the "Company"), Deutsche Trustee Company Limited, as trustee (the "Trustee"), and Wilmington Trust (London) Limited, as security agent, in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"). See "*Notice to Investors.*"

The terms of the Notes include those stated in the Indenture and will not incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. The Notes will be subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The net proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer as set forth in this offering memorandum under the caption "*Use of Proceeds.*"

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement. This does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note and the Intercreditor Agreement will be available as set forth below under "*Listing and General Information.*"

Certain defined terms used in this description but not defined below under "*—Certain Definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "*—Certain Definitions.*" In this description, the term "Issuer" refers only to eircom Finance DAC and its successors, and the "Company" refers to eircom Holdings (Ireland) Limited and its successors and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Guarantees

The Notes

The Notes:

- will be senior secured obligations of the Issuer;
- will be secured by liens over the Collateral no later than the date that is five days from the Issue Date as described herein, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis for the benefit of counterparties to certain hedging obligations and, potentially future debt under super senior revolving credit facilities, have been paid in full, as described below under "*Security—The Collateral*";
- will be *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including indebtedness incurred under the Senior Facilities Agreement;
- will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement, as described under "*Description of Other Indebtedness—Intercreditor Agreement*";
- will be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be fully, unconditionally and irrevocably guaranteed by the Guarantors on a joint and several basis, subject to the guarantee limitations described herein.

The Guarantees

The Guarantees:

- will be the senior obligations of the relevant Guarantor, which will be secured by liens over the Collateral as described herein, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis for the benefit of counterparties to certain hedging obligations and, potentially future debt under super senior revolving credit facilities, have been paid in full, as described below under "*Security—The Collateral*";
- will rank pari passu in right of payment with all of the Guarantors' existing and future senior indebtedness, including any indebtedness under the Senior Facilities Agreement and certain other future indebtedness;
- will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors;
- will be contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement, as described under "*Description of Other Indebtedness—Intercreditor Agreement*";
- will be effectively subordinated to any existing and future indebtedness of the Guarantors that is secured by property or assets that do not secure the Guarantors' guarantees of the Notes on an equal basis, to the extent of the value of the property or assets securing such indebtedness;
- will be effectively subordinated to any existing and future indebtedness of subsidiaries of the Company that do not guarantee the Notes; and
- will be subject to limitations described herein.

Principal and Maturity

The Issuer will issue €   million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on   , 2026. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes will be subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Notes

Interest on the Notes will accrue at the rate of   % per annum and will be payable, in cash, semi-annually in arrears on   and   of each year, commencing on   , 2019, to holders of record on the immediately preceding   and   , respectively. Interest on the Notes will accrue from the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months compared against the principal outstanding on the Notes. Each interest period shall end on (but not include) the relevant interest payment date.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "—*Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes, which shall have terms substantially identical to the Notes, as applicable except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("Additional Notes"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes have been issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

The Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase and all other matters which are not specifically distinguished for such series. If Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, the Additional Notes will have separate CUSIP and ISIN numbers. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that are actually issued.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Note (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by a Global Note registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents in London, United Kingdom or Dublin maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by bank transfer to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*" below.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each a "Paying Agent") for the Notes in London, United Kingdom (the "Principal Paying Agent"). The initial Principal Paying Agent for the Notes will be Deutsche Bank AG, London Branch, in London.

The Issuer will also maintain one or more registrars (each, a "Registrar") and a transfer agent in Luxembourg. The initial Registrar and transfer agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the transfer agent will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer, as applicable. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to the Holders of the Notes. The Issuer, the Company or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of The International Stock Exchange Authority Limited and the rules of The International Stock Exchange Authority Limited so require, the Issuer will publish a notice of any change of Registrar or transfer agent, to the extent and in the manner permitted by such rules, on the official website of The International Stock Exchange Authority Limited (www.tisegroup.com/).

Transfer and Exchange

The Notes offered hereby will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes will be sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Global Note").
- The Global Note will, upon issuance, be deposited with and registered in the name of the common depositary or a nominee on its behalf for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Note ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors.*" In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in the Global Note will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions.*"

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture requires the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of the Notes:

(1) for a period of one Business Day prior to any date fixed for the redemption of the Notes;

(2) for a period of one Business Day immediately prior to the date fixed for selection of the Notes to be redeemed in part;

(3) for a period of one Business Day prior to the record date with respect to any interest payment date applicable to the Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the date of this offering memorandum, all of the Company's Subsidiaries are Restricted Subsidiaries, apart from Tetra Ireland Communications Limited, which is a joint venture that we account for on the equity method. As of and for the twelve month period ended December 31, 2018, our 56% proportionate share of Tetra's cash and cash equivalents and EBITDA was €3.0 million and €10.0, respectively, and Tetra had no third-party debt. The Company indirectly owns 56% of Tetra's shares and for accounting purposes consolidates Tetra using the equity method.

In the circumstances described below under "—*Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer and eircom Limited (Jersey)) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Guarantees

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will be guaranteed, jointly and severally on a senior basis, by the Company and each material subsidiary of the Company that is a guarantor under the Senior Facilities Agreement (each a "Guarantor" and such guarantee, a "Guarantee").

The initial Guarantors will be Eircom Holdings (Ireland) Limited, eircom Limited (Ireland), Eircom Finco S.à.r.l, Irish Telecommunications Investments DAC, Meteor Mobile Communications Limited, Eircom (UK) Limited, Meteor Ireland Holdings LLC, eircom Limited (Jersey) and Meteor Mobile Holdings Limited.

As of and for the twelve months ended December 31, 2018, the Guarantors represented 95.18% of our consolidated total assets and generated 98.31% of our Adjusted EBITDA, in each case, excluding Tetra.

In addition, as described below under "—*Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement, each Restricted Subsidiary of the Company that guarantees the Senior Facilities Agreement, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

Each Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks Related to Our Structure—The insolvency laws of Ireland or the jurisdiction of incorporation or formation of each of the Guarantors may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.*"

The Guarantee of a Guarantor will terminate and release upon:

- except for the Guarantee given by the Company and eircom Limited (Jersey) (the "Parent Guarantees"), a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;
- except for the Parent Guarantees, in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any Parent of such Guarantor (other than the Company and eircom Limited (Jersey))) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- except for the Parent Guarantees, if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance*" and "*—Satisfaction and Discharge*";
- upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;
- in the case only of the Parent Guarantees, pursuant to the provisions described below under "*—IPO Pushdown*";
- as described under the caption "*—Amendment and Waivers*"; or
- except for the Parent Guarantees, with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Senior Facilities Agreement and (ii) does not guarantee any other Credit Facility or Public Debt.

Substantially all the operations of the Company (and the Issuer) are conducted through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders of Subsidiaries of the Company (other than the Guarantors).

As of December 31, 2018, after giving effect to the issuance of the Notes and the use of proceeds therefrom, the total liabilities of the Company and its Subsidiaries that will not guarantee the Notes were immaterial. Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Security

The Collateral

As of the Issue Date, the Notes will not be secured. Subject to the operation of the Agreed Security Principles, certain excluded assets, certain perfection requirements and any Permitted Collateral Liens, the Notes and the Guarantees will be secured no later than the date that is five days from the Issue Date by the following initial collateral ("Initial Collateral"):

- in the case of the Issuer, eircom Holdings (Ireland) Limited and Meteor Mobile Holdings Limited, over all or substantially all of their assets;
- in the case of eircom Holdco S.A., over the shares in eircom Holdings (Ireland) Limited and related rights;
- in the case of eircom Finco S.à r.l., over certain of its bank accounts and its rights in certain intercompany loan agreements with other Group companies;
- in the case of Meteor Ireland Holdings LLC, over substantially all of its assets;
- in the case of eircom (UK) Limited, over substantially all of its assets other than: (i) certain leasehold properties located in Northern Ireland and England; (ii) a general authorization to provide telecommunications services in the United Kingdom through the Office of Communications and related rights of use for numbers; and (iii) eircom (UK) Limited's interests in certain agreements with third parties relating to procurement of telecommunications services and the provision of education network services;
- in the case of eircom Limited (Ireland), over substantially all of its assets other than shares held by eircom Limited (Ireland) in certain of its subsidiaries; (ii) certain licenses granted to eircom Limited (Ireland) by the Commission for Communications Regulation; and (iii) bank accounts opened as a result of escrow arrangements or security deposits which were put in place prior to the Restructuring Date;

- in the case of eircom Limited (Jersey), over substantially all of its assets other than (i) certain bank accounts; (ii) shares held by eircom Limited (Jersey) in certain of its subsidiaries including Tetra Ireland Communications Limited and EURSCOM GmbH; (iii) certain licenses granted to eircom Limited (Jersey) by the Commission for Communications Regulation; (iv) the property of eircom Limited (Jersey) comprising the Network Management Centre, Citywest Complex, Naas Road, Co. Dublin;
- in the case of MMCL, over substantially all of its assets other than: (i) certain trademark applications made in respect of the "MOSAIC" name; (ii) certain licenses granted to MMCL by the Commission for Communications Regulation; and (iii) certain bank accounts opened as a result of previous escrow arrangements or security deposits; and
- in the case of ITI, over substantially all of its assets other than: (i) certain licenses granted to ITI by the Commission for Communications Regulation; and (ii) certain bank accounts opened as a result of previous escrow arrangements or security deposits.

The Issuer shall take such necessary actions and shall cause its Restricted Subsidiaries to take such necessary actions so that the Notes and the Guarantees are secured by the Collateral, subject to the operation of the Agreed Security Principles, no later than the date that is five days from the Issue Date.

The Agreed Security Principles apply to the granting of security in favor of obligations under the Senior Facilities Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of security where, among other things, such grant would be restricted by corporate benefit, financial assistance, fraudulent preference or "thin capitalization" laws or regulations (or analogous restrictions), or where an action would result in a significant risk to the officers of the relevant grantor of security of contravention of their fiduciary duties and/or of civil and/or criminal liability, or result in costs disproportionate to the benefit obtained by the beneficiaries of that security.

In addition, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, each subsidiary of the Company that becomes a Guarantor of the Notes after the Issue Date will grant security in connection therewith (together with the Initial Collateral, the "Collateral"). All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens. Counterparties to certain Hedging Agreements, and potentially future debt under super senior revolving credit facilities, will receive proceeds from the enforcement of the Collateral in priority to holders of the Notes. Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected) in accordance with the Agreed Security Principles.

The Collateral secures the liabilities under the Senior Facilities Agreement, certain Hedging Agreements and will secure the liabilities under the Notes and any Additional Notes. Pursuant to the Intercreditor Agreement, any Super Senior RCF or any Hedging Obligations permitted to be incurred under the covenant "*—Certain Covenants—Limitation on Indebtedness*" will be permitted to be secured on the Collateral on a super priority basis, and will receive priority over the Holders with respect to any proceeds received upon any enforcement action over any Collateral. Subject to certain conditions, including compliance with the covenant described under "*—Certain Covenants—Impairment of Security Interest*," the Company is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral, after all liabilities in respect of obligations under any Super Senior RCF and certain Hedging Obligations have been discharged from such recoveries, will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

Administration of Security and Enforcement of Liens

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of the Intercreditor Agreement, see "*Description of Other Indebtedness—Intercreditor Agreement.*"

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer's or a Guarantor's bankruptcy. See "*Risk Factors—Risks Related to Our Structure—The insolvency laws of Ireland or the jurisdiction of incorporation or formation of each of the Guarantors may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.*" In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer's obligation under the Notes and a Guarantor's obligation under its Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee.

Subject to the terms of the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes, the payment of obligations under the Senior Facilities Agreement and any Hedging Obligations. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement.*"

The Indenture provides that by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Wilmington Trust (London) Limited, as Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

Priority

The relative priority with regard to the Collateral, as between (a) the lenders under the Senior Facilities Agreement, (b) the counterparties under certain Hedging Agreements and (c) the Trustee and the Holders under the Indenture, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Notes will receive proceeds or enforcement of security over the Collateral only after certain Hedging Obligations are satisfied. See "*Description of Other Indebtedness—Intercreditor Agreement.*" In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Security— Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens.*"

Release of Liens

Subject to the terms of the Intercreditor Agreement, upon receipt of an Officer's Certificate and opinion of counsel, the Security Agent shall release, and the Trustee shall, if so requested, direct the Security Agent to release, without the need for consent of the Holders, Liens over the property and other assets constituting Collateral securing the Notes and the Guarantees:

(1) in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any of its Restricted Subsidiaries (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation—The Company*" or "*Certain Covenants—Merger and Consolidation—The Issuer*") that is permitted by the Indenture, (b) the Company or any Restricted Subsidiary consistent with the Intercreditor Agreement or any Additional Intercreditor Agreement or if permitted by the Senior Facilities Agreement or (c) pursuant to any Permitted Property Transaction;

(2) in the case of a Guarantor that is released from its Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor) in accordance with the Indenture;

(3) if the Company designates any of its Restricted Subsidiaries (other than the Issuer or eircom Limited (Jersey)) to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance" and "—Satisfaction and Discharge*";

(5) upon the full and final payment of the Notes and performance of all Obligations of the Issuer and the Guarantors under the Indenture and the Notes;

(6) as described under the caption "*—Amendments and Waivers*";

(7) as described under the caption "*—Certain Covenants—Impairment of Security Interest*";

(8) in connection with an IPO Pushdown, as specified in the Indenture;

(9) automatically without any action by the Trustee, if the Lien granted in favor of the Senior Facilities Agreement, Public Debt or such other Indebtedness that gave rise to the obligation to grant the Lien over such Collateral is released (other than pursuant to the repayment and discharge thereof); or

(10) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement.

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders. The Indenture provides that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate.

The Company, the Issuer and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents and the Intercreditor Agreement.

IPO Pushdown

(a) On, in contemplation of, or following an IPO Event, the Company shall be entitled to require (by written notice to the Trustee (a "Pushdown Notice")) that the terms of the Indenture and the Intercreditor Agreement shall operate (with effect from the date specified in the relevant Pushdown Notice (the "Pushdown Date")) on the basis that: (i) references to the Company and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Entity and its Restricted Subsidiaries from time to time, although the Issuer shall remain the same entity and the pledge of the shares of the Issuer and eircom Limited (Jersey) shall remain in place; (ii) all financial ratio, basket calculations and financial definitions shall exclude any Holding Company of the IPO Entity and all reporting obligations shall be assumed at the level of the IPO Entity; (iii) each reference in the Indenture and/or the Intercreditor Agreement to the "Company" shall be deemed to be a reference to the IPO Entity (to the extent applicable and unless the context requires otherwise); and *provided*, that nothing in this paragraph (a), including the deeming construct contemplated by this sub-paragraph (iii) and any action taken by the IPO Entity prior to it being deemed to be the Company, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (iv) none of the representations, warranties, undertakings, covenants or Events of Default in the Indenture, the Intercreditor Agreement or the Collateral Documents shall apply to any Holding Company of the IPO Entity (whether in its capacity as a Guarantor or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement and any security granted by any such Holding Company; and (vii) unless otherwise notified by the Company: (A) each person which is party to the Intercreditor Agreement as a "Subordinated Creditor" shall be irrevocably and unconditionally released from the Intercreditor Agreement and all obligations and restrictions under the Intercreditor Agreement (and from the date specified by the Company that Person shall cease to be party to the Intercreditor Agreement as a

Subordinated Creditor and shall have no further rights or obligations under the Intercreditor Agreement as a Subordinated Creditor); and (B) there shall be no obligation or requirement for any Person to become party to the Intercreditor Agreement as a Subordinated Creditor; and (viii) in the event that any Person is released from or does not become party to the Intercreditor Agreement as a Subordinated Creditor as a consequence of this paragraph (a), any term of the Indenture and/or the Intercreditor Agreement which requires or assumes that any Person be a Subordinated Creditor or that any liabilities or obligations to such Person be subject to the Intercreditor Agreement or otherwise subordinated shall cease to apply. An IPO Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision).

(b) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement or the Collateral Documents required by the Company in writing and/or take such other action as is required by the Company in order to facilitate or reflect any of the matters contemplated by paragraph (a) above, provided that such amendment, replacement or other document or instrument does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, does not affect the rights, duties, liabilities, indemnifications or immunities of the Trustee or Security Agent and or such amendment, replacement or other document or instrument. The Trustee and the Security Agent are each irrevocably authorized and instructed by the Holders of the Notes (without any consent by the Holders of the Notes) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the request of and at the cost of the Company).

(c) For the purpose of this covenant, the "IPO Entity" shall be the Company or any Restricted Subsidiary of the Company notified to the Trustee by the Company in writing as the Person to be treated as the IPO Entity in relation to the relevant IPO Event; provided, that: (i) the IPO Entity shall be a Restricted Subsidiary which will issue shares, or whose shares are to be sold, pursuant to that IPO Event (or a Holding Company of such member of the Group); and (ii) the Company may not designate a Subsidiary of eircom Limited (Jersey) as the IPO Entity.

(d) If the Company delivers a Pushdown Notice to the Trustee pursuant to paragraph (a) above in relation to a contemplated IPO Event, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant IPO Event by written notice to the Trustee. In the event that any Pushdown Notice is revoked in accordance with this paragraph (d): (i) the provisions of sub-paragraphs (a)(i) to (a)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to paragraph (a) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Company and subject to the Agreed Security Principles, the Company or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Collateral Document in respect of that security; and (iii) if any Person party to the Intercreditor Agreement as an "Subordinated Creditor" has been released from the Intercreditor Agreement pursuant to sub-paragraph (a)(vii) above in reliance on that Pushdown Notice, if required by the Trustee by prior written notice to the Company and that Person, that Person shall as soon as reasonably practicable accede to the Intercreditor Agreement as a Subordinated Creditor.

For the avoidance of doubt: (A) nothing in paragraph (d) above shall prohibit or otherwise restrict the Company from delivering a further Pushdown Notice in relation to any actual or contemplated IPO Event; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement or a Default or an Event of Default (whether by reason of any action or step taken by any Person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of any Indebtedness by the Company or any of its Restricted Subsidiaries that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Company, enter into with the Company, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "Additional Intercreditor Agreement"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that any Additional Intercreditor Agreement may give super priority ranking to any obligations under a Super Senior RCF and Hedging Obligations; *provided*, *further*, that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company shall furnish to the Trustee and the Security Agent such documentation in relation thereto as it may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described herein under "*—Certain Covenants—Limitation on Restricted Payments.*"

The Indenture also provides that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture also provides that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement on each Holder's behalf.

A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and, for so long as any Notes are listed on the Official List of The International Stock Exchange Authority Limited, at the offices of the Listing Agent in the Channel Islands.

Notes Proceeds Loan

Upon the issuance of the Notes, the Issuer, as lender, and eircom Limited (Jersey), as borrower, will enter into an amendment to the notes proceeds loan agreement dated as of May 29, 2015 (as amended, including the amendment to be made on or about the Issue Date, the "Notes Proceeds Loan Agreement"), which, following the amendment, will provide that eircom Limited (Jersey) will pay the Issuer an amount equal to the interest and principal due and payable on the Notes and any additional amounts due thereunder and will mature on the same date as the maturity date of the Notes.

Optional Redemption

Optional Redemption of the Notes

Except as set forth herein and under "*—Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer.

At any time prior to   , 2022, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the redemption date.

At any time and from time to time on or after , 2022, the Issuer may redeem the Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to, but not including, the redemption date:

Twelve month period commencing in	Percentage
2022	%
2023	%
2024 and thereafter	100.000%

At any time and from time to time prior to , 2022, the Issuer may redeem the Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to % plus accrued and unpaid interest to, but not including, the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (excluding any Additional Notes with terms and conditions that are not identical to the terms and conditions of the Notes), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original principal amount of the Notes being redeemed (excluding any principal amount of any Additional Notes with terms and conditions that are not identical to the terms and conditions of the Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

General

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived by the Issuer (*provided, however*, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded (no later than the business day prior to such redemption date) in the event that any or all such conditions shall not have been satisfied or waived by the Issuer by the redemption date, or by the redemption date so delayed.

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of The International Stock Exchange Authority Limited and rules of The International Stock Exchange Limited so require, inform The International Stock Exchange Authority Limited of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

The Issuer or its Affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such Affiliate may determine.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Paying Agent or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

So long as any Notes are listed on the Official List of The International Stock Exchange Authority Limited and the rules of The International Stock Exchange Authority Limited so require, any such notice to the Holders of the Notes shall, to the extent and in the manner permitted by such rules, be posted on the official website of The International Stock Exchange Authority Limited (www.tisegroup.com/) and, in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, Successor Issuer or Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in official published practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer, Successor Issuer or Guarantor are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and the Issuer determines in good faith that such obligation cannot be avoided by taking reasonable measures available to the Issuer, Successor Issuer or Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause the Issuer to incur additional out-of-pocket costs, but not including assignment or novation of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date of the Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of the Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice.*" Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or resident for tax purposes or organized or has a permanent establishment or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by the Issuer, a Successor Issuer or Guarantor (a "Payor") on the Notes or the Guarantees, as defined below, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Ireland or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Guarantee is made by the Issuer, Successor Issuer, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clauses (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by a Payor with respect to any Note or Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including but not limited to being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in or a dependent agent in, or being physically present in, or

having a place of management present or deemed present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed, deducted or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with any reasonable request of the Payor to provide certification, information, documents or other evidence concerning the nationality, residence, identity of or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner (or of or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) or to make any declaration or similar claim or satisfy any certification, information, documentation or other reporting requirement relating to such matters, which is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment on or with respect to the Notes or any Guarantee;

(4) any estate, inheritance, gift, value, use, sales, excise, transfer, personal property or similar Taxes;

(5) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;

(6) any Taxes which would not have been imposed if the Holder had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except for Additional Amounts with respect to Taxes that would have been imposed had the Holder presented the Note for payment within such 30-day period);

(7) any Taxes imposed on or with respect to a payment to a Holder that is a fiduciary or partnership (including an entity that is treated as a partnership for applicable tax purposes) or any Person other than the sole beneficial owner of such payment or Note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or entity treated as a partnership for applicable tax purposes or the beneficial owner of such payment or Note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such Note;

(8) any Taxes imposed on or with respect to a Note pursuant to Sections 1471 to 1474 of the Code, any successor law or regulation implementing or complying with, or introduced in order to conform to, such Sections or any intergovernmental agreement or any agreement entered into pursuant to Section 1471(b)(1) of the Code; or

(9) any combination of items (1) through (8) above.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction to the extent required by applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Listing Agent in the Channel Islands if the Notes are then listed on the Official List of The International Stock Exchange Authority Limited.

If any Payor becomes obligated to pay Additional Amounts under or with respect to any payment made on any Note or Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, the Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar taxes, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Intercreditor Agreement, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such taxes, charges or levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof), as the case may be, of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Note, deliver, or cause to be delivered, to the Paying Agent the Global Note in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the relevant Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of The International Stock Exchange Authority Limited and the rules of The International Stock Exchange Authority Limited so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date, to the extent and in the manner permitted by such rules, on the official website of The International Stock Exchange Authority Limited (www.tisegroup.com/).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third-party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third-party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest on the notes that remain outstanding to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date). In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes, as applicable, Notes owned by an affiliate of the Issuer or by funds controlled or managed by any affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the Senior Facilities Agreement, the occurrence of a change of control would require the repayment of such debt. Future debt of the Company or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a

Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Related to Our Structure—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by each Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.*"

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries is less than 5.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility and any Refinancing Indebtedness in respect thereof in a maximum aggregate principal amount at any time outstanding not exceeding (a)(i) €2,450.0 million plus (ii) the greater of €550 million and 100% of Consolidated EBITDA, (b) plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent such Guaranteed Indebtedness was permitted to be Incurred by another provision of this covenant; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in connection with cash management positions of the Company and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all obligations then due with respect to the Notes, in the case of the Issuer, or the Guarantee, in the case of a Guarantor, in the case of both (i) and (ii), to the extent required by the Intercreditor Agreement; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes and the proceeds loan in respect thereof (other than any Additional Notes and any Additional Notes Proceeds Loan), (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date including any Bond Facility, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;

(5) Indebtedness of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided*, *however*, with respect to each of clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);

(7) Indebtedness represented by (i) Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of €88 million and 16% of Consolidated EBITDA and (ii) Permitted Vendor Financing;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any spectrum acquisition; provided, however, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 Business Days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness related to a disposition shall at no time

exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 Business Days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(d) Indebtedness incurred in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €143 million and 26% of Consolidated EBITDA;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred;

(15) Indebtedness Incurred pursuant to any Operating Facility in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (15) and then outstanding, will not exceed the greater of €300 million; and

(16) Indebtedness in respect of (i) of the Company or any of its Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring; and (ii) Guarantees of the obligations of Tetra in an aggregate outstanding principal amount which will not exceed the greater of €71 million and 13% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will

classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Senior Facilities Agreement shall be deemed initially Incurred under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of the description of this covenant, provided that such Indebtedness (or any portion thereof) may be reclassified by the Company in any manner that complies with this covenant;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(8) with respect to Indebtedness Incurred under a Credit Facility or Operating Facility, reborrowings of amounts previously repaid pursuant to a "cash sweep" or "clean down" provisions or any similar provisions under a Credit Facility or Operating Facility that provide that Indebtedness is deemed to have been repaid periodically shall only be deemed for the purposes of the covenant described under this "*—Limitation on Indebtedness*" to have been Incurred on the date such Indebtedness was first Incurred and not on the date of any subsequent re-borrowing thereof;

(9) notwithstanding anything to the contrary, in the case of any Refinancing Indebtedness, when measuring the outstanding amount of such Indebtedness, such amount shall not include any amounts necessary to pay accrued and unpaid interest and any fees and expenses, including any premium and defeasance costs, indemnity fees, discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(10) in the event that the Company or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to paragraph (25) of the definition of "Permitted Liens," the Incurrence or issuance thereof for all purposes under the Indenture, including without limitation for purposes of calculating the Consolidated Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or borrowings and reborrowings under any of clauses (1) through (16) (inclusive) of the second paragraph of the description of this covenant (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Company's option, either: (A) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if the Consolidated Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under the covenant described under this "*—Limitation on Indebtedness*" irrespective of the Consolidated Secured Net Leverage Ratio or the Consolidated Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or reborrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this sub-paragraph (A) shall be

deemed to be Incurred and outstanding under such paragraph(s)); or (B) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment; *provided* that the Company may revoke such determination made pursuant to this paragraph (10) at any time and from time to time; and

(11) in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on any provision of the second paragraph of the covenant described under this "*—Limitation on Indebtedness*" measured by reference to a percentage of Consolidated EBITDA at the time of Incurrence, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus premiums (including tender premiums), defeasance, costs and fees in connection with such refinancing.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*" (and in the case of Indebtedness that constitutes the payment of interest in the form of additional Indebtedness shall be permitted to be secured by a Lien to the same extent as the Indebtedness to which the payment of interest relates). The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a Senior Facilities Agreement; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such non-euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced plus any amount to pay premiums (including tender premiums), accrued and unpaid interest, expenses, defeasance costs and fees in connection therewith; (b) the Euro Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(i) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

(ii) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "*—Limitation on Indebtedness*" covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (6), (10), (11), (12) and (18) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) an amount equal to 100% of the Consolidated EBITDA for the period beginning on the first day of the fiscal quarter commencing prior to the Issue Date to the end of the Company's most recently ended full fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available, taken as a single accounting period, less the product of 1.4 times the Consolidated Interest Expense for such period;

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);

(iv) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Issue Date, the fair market value (as determined by the Company in good faith) of the Investment in such Unrestricted Subsidiary (or the assets transferred) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation, consolidation or transfer of assets, other than to the extent such Investment constituted a Permitted Investment; *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv);

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary;

(B) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and

(C) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Company or a Restricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v).

The fair market value of property or assets other than cash covered by the first paragraph of this covenant shall be the fair market value thereof as determined in good faith by the Board of Directors of the Company.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of,

Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "—Limitation on Sales of Assets and Subsidiary Stock" below, but only if the Company shall have first complied with the terms described under "—Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends or other distributions paid within 60 days after the date of declaration if at such date of declaration such dividend or other distribution would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €15.0 million plus (2) €5.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (3) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses disclosed in the Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.0 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 4.25 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from the making of such payment), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed the greater of €110 million and 20% of Consolidated EBITDA;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);

(13) Investments in an aggregate amount outstanding at any time not to exceed the fair market value of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; provided, however, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(17) so long as no Default or Event of Default has occurred and is continuing (or would result from), any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock of the Company or any direct or indirect Parent of the Company in an aggregate amount outstanding at any time not to exceed the greater of €110 million and 20% of Consolidated EBITDA;

(18) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; provided that the Consolidated Secured Net Leverage Ratio on a pro forma basis after giving effect to any such Restricted Payment does not exceed 4.0 to 1.0; and

(19) any Restricted Payments made in connection with the Transactions.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

For purposes of determining compliance with this the covenant described under "*—Limitation on Restricted Payments*," in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (18)(inclusive) in the second paragraph above, or is permitted pursuant to the first paragraph above and/or one or more of the paragraphs contained in the definition of "Permitted Investments," the Company will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this the covenant described under "*—Limitation on Restricted Payments*," including as an Investment pursuant to one or more of the paragraphs contained in the definition of "Permitted Investments."

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) otherwise as set forth under "*—Security—Release of Liens.*"

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount (as defined below) of such Indebtedness. The "Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;

(2) make any loans or advances to the Issuer; or

(3) sell, lease or transfer any of its property or assets to the Issuer,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Finance Documents) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company), or that the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes;

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements;

    (c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Company or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; provided that such encumbrance relates solely the property or assets of the Company or such Restricted Subsidiary that are the subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or

    (d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date, or (ii) in comparable financings (as determined in good faith by the Company) or where the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

   (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; provided that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; (iii) to purchase the Notes through open-market purchases or in privately negotiated transactions at market prices (which may be below par), or make an offer to all holders of Notes at a purchase price in cash equal to at least 100% of the principal amount of such Notes, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), (iv) to redeem Notes as described under "*—Optional Redemption*" or (v) purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes thereof);

(b) to the extent the Company or such Restricted Subsidiary elects, to (i) invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or (ii) make capital expenditures, in each case within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets or capital expenditure made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment or capital expenditure is consummated within 180 days of such 365th day; or

(c) any combination of the foregoing

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €75.0 million, the Company will be required to make an offer ("Asset Disposition Offer") to all Holders of Notes issued under the Indenture and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro

Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Company will purchase the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of €88 million and 16% of Consolidated EBITDA (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") involving aggregate value in excess of €10.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction or series of related Affiliate Transactions involves an aggregate value in excess of €25.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as described in paragraphs (1)(b), (2), (11) and (18) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these

agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) (a) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business; and (b) any Permitted Tax Restructuring;

(8) transactions with customers, clients, lenders, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or (in the case of lenders, and) are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity (other than any RAN Entity);

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €7.0 million per year (with unused amounts in any calendar year being carried over to the succeeding calendar year) and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Company in good faith;

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing;

(14) transactions with lenders under the Senior Facilities Agreement solely in their capacity as such with respect to loans outstanding thereunder; *provided* that clause (1) of the first paragraph of this covenant shall apply to any such transaction;

(15) any Permitted Investment described in paragraph (18) of the definition thereof; *provided* that clause (1) of the first paragraph of this covenant shall apply to any such Permitted Investment; and

(16) any transaction as to which the Company delivers to the Trustee a letter from an Independent Financial Advisor stating that the transaction is fair to the Company from a financial point of view, or meets the requirements of clause (1) of the first paragraph of this covenant.

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the two most recent fiscal years, including complete footnotes to such

financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year, *provided* that such pro forma financial information need not comply with the requirements of Regulation S-X; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the first fiscal quarter ending after the Issue Date, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter, *provided* that such pro forma financial information need not comply with the requirements of Regulation S-X; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Company.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of The International Stock Exchange Authority Limited and the rules of the International Stock Exchange Authority Limited so require, at the offices of the Listing Agent in the Channel Islands or, to the extent and in the manner permitted by such rules, on the official website of The International Stock Exchange Authority Limited.

Delivery of any information, documents and reports to the Trustee pursuant to this "*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained herein including the Company's compliance with any of its covenants under the Indenture.

Additionally, in the event that, and for so long as, the equity securities of the Company or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange) and the Company or such Parent or IPO Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the Main Market of the London Stock Exchange (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange), for so long as it elects, the Company will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with the London Stock Exchange pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable). Upon complying with the foregoing requirements, and provided that (i) such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with the Main Market of the London Stock Exchange, or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange or the Paris Stock Exchange, as applicable, and (ii) the Company provides quarterly earnings report for the end of each of the first three fiscal quarters in each fiscal year to the Trustee, the Company will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1) and (2) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under "—*The Company*" and "—*Subsidiary Guarantors*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer's Subsidiaries.

The Issuer shall remain a Wholly Owned Subsidiary of the Company.

The Company

The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Jersey, Norway or Switzerland and the Successor Company (if not the Company) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Parent Guarantee and (b) all obligations of the Company under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—*Limitation on Indebtedness*" or (b) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "—*Limitation on Indebtedness.*"

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described above under "*—The Issuer*" and below under "*—Subsidiary Guarantors*" (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2), (3) and (4) (which does not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Company.

Subsidiary Guarantors

No Subsidiary Guarantor may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless

   (a) the other Person is the Company or any Restricted Subsidiary that is Guarantor (or becomes a Guarantor concurrently with the transaction); or

   (b) (i) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement); and

      (ii) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

   (c) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (B)(2) and the provisions described above under "*—The Issuer*" and "*—The Company*," (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor and (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor. Notwithstanding the preceding clause (B)(2) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Additional Guarantees*," "*—Lines of Business*," and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Company*," and, in each case, any related default provision of such Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness.*"

Limited Condition Acquisition and Irrevocable Repayment

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment, for purposes of determining compliance with any provision of the Indenture which requires that no Default or Event of Default, as applicable, has occurred, is continuing or would result from any such action, as applicable, such condition shall, at the option of the Company, be deemed satisfied, so long as no Default or Event of Default, as applicable, exists on the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into after giving pro forma effect to the applicable Limited Condition Acquisition or Irrevocable Repayment. For the avoidance of doubt, if the Company has exercised its option under the first sentence of this paragraph, and any Default or Event of Default occurs following the date the definitive agreements for the applicable Limited Condition Acquisition or Irrevocable Repayment were entered into and prior to the consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such Default or Event of Default shall be deemed to not have occurred or be continuing for purposes of determining whether any action being taken in connection with such Limited Condition Acquisition or Irrevocable Repayment is permitted hereunder.

In connection with any action being taken in connection with a Limited Condition Acquisition or Irrevocable Repayment for purposes of:

(1) determining compliance with any provision of the Indenture which requires the calculation of the Consolidated Net Senior Secured Leverage Ratio or Consolidated Net Leverage Ratio; or

(2) testing baskets set forth in the Indenture;

in each case, at the option of the Company (the Company's election to exercise such option in connection with any Limited Condition Acquisition or Irrevocable Repayment, an "LCA Election"), the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition or Irrevocable Repayment are entered into (the "LCA Test Date"). If, after giving pro forma effect to the Limited Condition Acquisition or Irrevocable Repayment and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent four consecutive fiscal quarters ending prior to the

LCA Test Date for which consolidated financial statements of the Company are available, the Company could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with.

If the Company has made an LCA Election and any of the ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such ratio or basket, including due to fluctuations in Consolidated EBITDA of the Company or the Person subject to such Limited Condition Acquisition or Irrevocable Repayment, at or prior to the consummation of the relevant transaction or action, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations. If the Company has made an LCA Election for any Limited Condition Acquisition or Irrevocable Repayment, then in connection with any subsequent calculation of any ratio or basket availability with respect to the Incurrence of Indebtedness or Liens, or the making of Asset Dispositions, mergers, the conveyance, lease or other transfer of all or substantially all of the assets of the Company or the designation of an Unrestricted Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition or Irrevocable Repayment is consummated or the definitive agreement for such Limited Condition Acquisition or Irrevocable Repayment is terminated or expires without consummation of such Limited Condition Acquisition or Irrevocable Repayment, any such ratio or basket shall be calculated on a pro forma basis assuming such Limited Condition Acquisition or Irrevocable Repayment and other transactions in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

Additional Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Indebtedness under the Senior Facilities Agreement (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or Public Debt and any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the Incurrence of such Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the

Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*"; *provided*, that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the applicable Security Document.

Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) to effect the Re-domiciliation or for purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*"; and (v) make any other change thereto that does not adversely affect the Holders in any material respect as determined by the Company in good faith; *provided*, *however*, that, subject to the foregoing, except where permitted by the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), in form and substance reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Further Assurances

The Company will, and will procure that each of its Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (ii) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Restricted Subsidiaries will, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Lines of Business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Limitation on Activities of the Issuer

The Issuer will not engage in any business activity or undertake any other activity, except any activity (a) subject to compliance with the terms of the Indenture, related to the offering, sale or issuance of the Notes or the incurrence of Indebtedness by the Issuer represented by the Notes or any Public Debt, (b) undertaken with the purpose of, and directly related to, fulfilling its obligations under the Notes, the Indenture and any other document relating to the Notes (including the Notes Proceeds Loan), the Security Documents, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Senior Facilities Agreement or any document relating to any Public Debt, (c) related to reorganizations for bona fide corporate purposes in compliance the covenant described under "*—Merger and Consolidation*"; *provided* that any successor entity resulting from any such reorganization is subject to this covenant, (d) related to the granting of security interests, indemnities and payment of overhead costs or taxes and the entry into any Security Document to which it is a party, (e) related to the establishment and maintenance of the Issuer's corporate existence, (f) related to using amounts received by the Issuer to make investments in cash or Cash Equivalents in a manner not otherwise prohibited by the Indenture or (g) reasonably related to the foregoing. The Issuer will not (a) incur any Indebtedness (except to eircom Limited (Jersey)) other than, subject to compliance with the terms of the Indenture, the Notes or any Public Debt, (b) issue any Capital Stock (other than to eircom Limited (Jersey)) or (c) undertake any transaction that will require the Issuer to register as an "investment company" or an entity "controlled by an investment company" as defined in the U.S. Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

The Issuer and the Company will not, and will not permit any of the Company's Restricted Subsidiaries or any other Person that is an obligor under the Notes Proceeds Loan Agreement, to amend, modify, supplement or waive any rights under the Notes Proceeds Loan Agreement in a manner that would adversely affect the rights of the Issuer or its creditors with respect to the Notes Proceeds Loan Agreement.

The foregoing provisions of this covenant will fall away if the Issuer is consolidated or merged in compliance with the covenant under the caption "*—Merger and Consolidation.*"

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Official List of The International Stock Exchange Authority Limited for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Official List of The International Stock Exchange Authority Limited, and thereafter use its reasonable best efforts to maintain, a listing of such Notes on another recognized stock exchange.

Events of Default

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% (or more) in aggregate principal amount of the outstanding Notes with its other agreements including those described under "*Change of Control*" above or under the covenants described under "*—Certain Covenants*" above contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

    and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €125.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Company, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €125.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(7) any security interest under the Security Documents on any Collateral having a Fair Market Value in excess of €40.0 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provisions"); and

(8) any Guarantee of the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days (the "guarantee provisions").

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% (or more) in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4) and (6), the Company does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability and/or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee security and/or indemnity (including by way of pre-funding) against any loss, liability and/or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that, in the event an Event of Default has occurred and is continuing of which a Responsible Officer of the Trustee has written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law, its fiduciary duties or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of payment in advance) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and a Responsible Officer of the Trustee is informed in writing of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 90 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security (including by way of prefunding) to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only amend one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of any series of Notes affected, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—*Optional Redemption*";

(5) make any such Note payable in money other than that stated in such Note;

(6) amend the contractual right of any Holder to bring suit for the payment of principal, premium, if any, and interest on its Note, on or after the respective due dates expressed or provided for in such Note;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release (i) the security interest granted for the benefit of the Holders in the Collateral having a Fair Market Value in excess of €40.0 million or (ii) any Guarantee, in each case, other than pursuant to the terms of the Security Document or the Indenture, as applicable, except as permitted by the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of such Note Document to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company, the Issuer or any Guarantor under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code) or change the minimum denomination for the Notes;

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect or that would provide additional rights or benefits to the Holders or the Trustee;

(6) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;

(8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "—*Certain Covenants—Limitation on Indebtedness*" and "—*Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or the Security Documents;

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent in any property which is required to be mortgaged, pledged or

hypothecated, or in which a security interest is required to be granted, to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "—Certain Covenants—Impairment of Security Interest" is complied with.

The Trustee shall be entitled to receive and to rely absolutely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment or supplement of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment or supplement or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its and each Guarantor's obligations under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of each of the covenants described under "*—Certain Covenants—Merger and Consolidation—The Issuer*," "*—Certain Covenants—Merger and Consolidation—The Company*" and "*—Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Company, the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of each of the covenants described under "*—Certain Covenants—Merger and Consolidation—The Issuer*," "*—Certain Covenants—Merger and Consolidation—The Company*" and "*—Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*"), (4), (5) (with respect only to the Company, the Issuer and Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such entity designated by the Trustee for this purpose) cash in euro, non-callable Government Obligations or a combination thereof in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax

purposes as a result of such deposit and defeasance (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Security Document will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), euro or non-callable Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Deutsche Trustee Company Limited has been appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Official List of The International Stock Exchange Authority Limited and the rules of The International Stock Exchange Authority Limited shall so require, notices with respect to the Notes will be published, to the extent and in the manner permitted by such rules, on the official website of The International Stock Exchange Authority Limited (www.tisegroup.com/). In addition, for so long as any Notes are represented by Global Note, all notices to Holders of the Notes will be delivered, in English, to Euroclear and Clearstream, delivery of which shall be deemed to satisfy the requirements of this paragraph, each of which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the Notes and the relevant Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Company are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Guarantees, the Issuer and each Guarantor have in the Indenture irrevocably submitted to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

"*2022 Notes*" means, collectively, the €500,000,000 aggregate principal amount of the Issuer's 4.50% Senior Secured Notes due 2022 issued on June 17, 2016 and the €200,000,000 aggregate principal amount of the Issuer's additional 4.50% Senior Secured Notes due 2022 issued on August 8, 2016, in each case governed by the 2022 Notes Indenture, which we intend to redeem on May 31, 2019 following satisfaction and discharge of the 2022 Notes Indenture on the Issue Date.

"*2022 Notes Indenture*" means the indenture dated June 17, 2016, among, *inter alios*, the Issuer, the guarantors named therein, Deutsche Trustee Company Limited as trustee and Wilmington Trust (London) Limited as security agent, as amended and/or supplemented from time to time, under which the 2022 Notes were issued.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Company.

"*Additional Notes Proceeds Loan Agreement*" means any loan agreement between the Issuer and the Company pursuant to which the Issuer lends, on terms substantially identical to those contained in the Notes Proceeds Loan Agreement, the proceeds from the issuance of Additional Notes to eircom Limited (Jersey).

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in a schedule to the Senior Facilities Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in the good faith judgment of the Company.

"*Applicable Premium*" means, with respect to any Note, the greater of:

(1) 1% of the principal amount of such Note; and

(2) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Note at , 2022 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the applicable Bund Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, the calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company or any of its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Company*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company, or an issuance or sale of preferred stock by a Restricted Subsidiary that is Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of €55 million and 10% of Consolidated EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments, Permitted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing, sub-licensing, leasing or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases, subleases, assignment or other dispositions of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors of the Company shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole); *provided*, *further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed does not exceed the greater of €110 million and 20% of Consolidated EBITDA;

(18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring, sale or discounting transaction (or other receivables based financing arrangements) or in the ordinary course of business;

(20) any disposition resulting from any Permitted Property Transaction;

(21) any disposition of any interest in any derivative transaction;

(22) any disposition arising as a result of the entry into, or enforcement of, any Tetra Security Interest or any NBP Security Interest;

(23) any disposition of any asset in order to comply with an order of any agency of state or other governmental authority or organization or other regulatory body or any applicable law or regulation (or any disposal of any asset which is seized, expropriated or acquired by compulsory purchase by, or by the order of, any agency of state or other governmental authority or organization or other regulatory body);

(24) any disposition of shares or other ownership interests the subject of an IPO Event; and

(25) any disposition of assets (being a disposition otherwise permitted under any of clauses (1) to (24) above to be made to persons which are not the Company or any Restricted Subsidiary) to a special

purpose vehicle and the subsequent disposal of that special purpose vehicle where the assets transferred to the special purpose vehicle are the only material assets thereof.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"*Board of Directors*" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bond Facility*" means any bonding, guarantee, escrow, security deposit and other security arrangement, each relating to business or regulatory obligations of the Company or a Restricted Subsidiary in an aggregate principal amount of all such facilities outstanding at any time not to exceed €50 million.

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to , 2022; *provided*, *however*, that if the period from the redemption date to , 2022 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to , 2022 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; *provided, further*, that if such yield would otherwise be less than zero, it shall be assumed to be zero.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Dublin, Ireland, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by

any Lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Company and its Subsidiaries on the Issue Date.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking S.A., as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements) to which such Person is a party or a beneficiary.

"*ComReg*" means the Commission for Communications Regulation as established by Part 2 of the Communications Regulation Act, 2002 (as amended) (Ireland).

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering (including any IPO Event), Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (in each case whether or not successful) (including any such fees or charges related to the Transactions), in each case, as determined in good faith by an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain *Covenants—Limitation of Affiliate Transactions*"; and

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions not prohibited by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary (including by way of loan) during such period to the Company or another Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or other distribution to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/ leaseback transaction) which is not sold, abandoned or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (including for the avoidance of doubt, any tax referable to any payments, dividends or other distributions made or declared intra-group) or any charges or reserves in respect of any restructuring, redundancy or severance expense or other costs related to the Transactions, in each case, as determined in good faith by the Company;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum, without duplication, of (i) the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") on a consolidated basis less (ii) cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase (including all reasonably anticipated synergies and cost savings, wherever expected to be realized) occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and synergies) and shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Company) of cost savings programs that have been initiated by the Company or its Restricted Subsidiaries as though such cost savings programs had been fully implemented on the first day of the relevant period, (b) may include an adjustment in respect of each action or step (including any restructuring, reorganization, new contract or other similar initiative) taken or committed to be taken by the Company and its Restricted Subsidiaries ("Group Initiative") implemented during such period equal to or less than the full run rate effect of all synergies, cost savings, operating expense reductions, operating improvements and other similar synergies which the Company believes can be achieved, directly or indirectly, as a result of implementing or committing to implement such Group Initiative, *provided* that so long as such synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives will be realizable at any time during such period, it may be assumed they will be realizable during the entire such period without prejudice to the synergies, cost savings, operating expense reductions, operating improvements or other similar initiatives actually realized during the relevant period and already included in Consolidated EBITDA, (c) may exclude any non-recurring costs and other expenses arising directly or indirectly as a consequence of any sale or Purchase or the implementation of any Group Initiative; and (d) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period. In calculating the Consolidated Net Leverage Ratio and the Consolidated Secured Net Leverage Ratio, pro forma effect will not be given to (i) any Indebtedness incurred on the date of determination pursuant to the second paragraph of the covenant set forth in "Limitation on Indebtedness" and (ii) any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to second paragraph of the covenant set forth in "Limitation on Indebtedness."

"*Consolidated Secured Net Leverage Ratio*" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

    (a) for the purchase or payment of any such primary obligation; or

    (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an "Event of Default."

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on the date of such determination.

"*European Union*" means all members of the European Union as of January 1, 2004.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*fair market value*" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Government Obligations*" mean direct obligations of, or obligations guaranteed by, a Permissible Agency, Instrumentality or Government, for the payment of which the full faith and credit of such agency, instrumentality or government is pledged.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means the Company (or the Successor Company) and any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "Hedging Agreement").

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Clearstream and Euroclear.

"*Holding Company*" means, in relation to any Person, any Person of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("*IFRS*") endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date, the Company may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election; *provided further* that prior to the preparation of financial statements for the first fiscal year ending after the Issue Date, the Company will not be required to apply IFRS 15. Notwithstanding anything to the contrary (including in the financial definitions set out in the Indenture), when calculating the Consolidated Net Leverage Ratio, the Consolidated Secured Net Leverage Ratio, the financial definitions or component thereof), the Company shall be permitted to treat operating leases in a manner consistent with IFRS prior to the effective date of IFRS 16 (*Leases)* and any successor standard thereto (or any equivalent measure under the Accounting Principles).

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease (including, for the avoidance of doubt, any network lease or Operating IRU), concession hire, purchase contract or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS, any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(2) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter;

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(4) the Incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of standby letters of credit, performance bonds or surety bonds provided by the Company or any Restricted Subsidiary in the ordinary course of business, to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and, if to be reimbursed, are reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond; or

(5) any income tax or other payables, any social security, tax or pension obligations or bonds in relation thereto, or obligations under any Tax Sharing Agreement.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means (i) Xavier Niel; (ii) Iliad S.A.; and (iii) the respective Affiliates of and any funds or partnerships managed or advised, directly or indirectly, by the Persons described in (i) and (ii) and their respective Affiliates, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated June 11, 2012, among, *inter alios*, eircom Holdco S.A., eircom Finco S.à r.l. and Wilmington Trust (London) Limited as agent and security agent, as amended and/or amended and restated from time to time and to which the Trustee will accede on the Issue Date.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary;

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company; and

(3) if the Company or any of its Restricted Subsidiaries issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary of the Company such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary of the Company, any Investment by the Company or any of its Restricted Subsidiaries in such Person remaining after giving effect thereto shall not be deemed to be a new Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade*" means (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's, or (iii) the equivalent of such ratings by S&P or Moody's, or of another Nationally Recognized Statistical Ratings Organization.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's; or

(3) the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Event*" means the occurrence of an Initial Public Offering or a Listing.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Irrevocable Repayment*" means any repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered.

"*Issue Date*" means on or about , 2019.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing.

"*Listing*" means a listing of all or any part of the share capital of the Company or any Subsidiary of the Company on any recognised investment exchange (as that term is used in the Financial Services and Markets Act 2000) or any other sale or issue by way of flotation or public offering in relation to the Company or any such Subsidiary of the Company in any jurisdiction or country.

"*Management Advances*" means loans, advances or distributions made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary, or any management equity plan or management vehicle:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock of the Company, its Subsidiaries or any Parent, or the entitlement of any such person under such plan or in such vehicle in connection with such plan upon meeting specified exit targets with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*NBP*" refers to "A National Broadband Plan for Ireland" originally published by the Department of Communications, Energy and Resources of Ireland on August 30, 2012, and updated on December 22, 2015, and as amended, supplemented, extended, replaced and/or restated from time to time.

"*NBP Entity*" means a Person or Persons (including, for the avoidance of doubt, any Subsidiary of such Person) whose primary purpose is for the provision of access to high speed broadband in all or any part of Ireland (as the case may be) in connection with the NBP, and includes the design, supply, assembly, construction, maintenance, management, licensing and/or operation of the network to provide and/or facilitate such access, together with the provision of services and products in connection with such network.

"*NBP Investment Vehicle*" means:

(a) any NBP Entity;

(b) any Subsidiary of an NBP Entity; and/or

(c) any direct Holding Company of a NBP Entity,

provided that, in respect of paragraphs (b) and (c) above, any such Person was also incorporated and/or acquired (including by way of amalgamation, merger, consolidation, combination or otherwise) in connection with the NBP.

"*NBP Security Interest*" means a Lien on (i) any shares or other interests (or securities) of any NBP Investment Vehicle (including rights or assets derived from or related to those shares or other interests or securities (as the case may be)), (ii) loans and/or other extensions of credit made to, or any Indebtedness of, any NBP Investment Vehicle and/or (iii) any assets and property of any NBP Investment Vehicle, in each case, in connection with the NBP.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Note Documents*" means the Notes (including Additional Notes), the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents.

"*Notes Proceeds Loan*" means any loan incurred by eircom Limited (Jersey) under the Notes Proceeds Loan Agreement.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities or amounts payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Director, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Operating Facility*" means, with respect to the Company or any of its Restricted Subsidiaries, a debt facility, financial accommodation or other arrangement (including, without limitation, any overdraft or other current account facility, any foreign exchange facility, any guarantee, bonding, documentary or standby letter of credit facility, any credit card or automated payments facility, any short term loan facility and/or any derivatives facility) provided by banks, other financial institutions and/or investors.

"*Operating IRU*" means an indefeasible right of use of, or operating lease or payable for, lit or unlit fibre optic cable or telecommunications conduit or the use of any combination of the foregoing.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) (i) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Restricted Subsidiaries; or (ii) any employee stock ownership plan or trust established by any Parent for the benefit of officers, employees, directors and/or other members of management of the Company and its Restricted Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed €5.0 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Company or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Guarantees, as the case may be, and, in each case, is secured by a Lien on assets of the Company.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"*Permissible Agency*, *Instrumentality or Government*" means any agency, instrumentality or government of any Permissible Jurisdiction.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece, Portugal and Italy).

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Collateral Liens*" means (w) Liens on the Collateral (i) that are Liens on bank accounts equally and rateably granted to cash management banks securing cash management obligations or (ii) that are Permitted Liens (other than Liens described in clauses (1), (7), (14), (15) (to the extent such Liens secure Indebtedness owing to a Restricted Subsidiary that is not the Issuer or a Guarantor), (16), (25), (26) and (30) of the definition of "Permitted Liens")), (x) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), 4(b) (in the case of the 2022 Notes being redeemed pursuant to the Transactions), 4(c) (if the original Indebtedness was so secured), (5)(i) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), 5(ii) (but only if after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio is either (a) less than 4.5 to 1.0 or (b) not greater than prior to such Incurrence), (6), (7) (other than with respect to Capital Lease Obligations), (11), (12) and (15) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided*, *however*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement, but super priority ranking may be given to any Hedging Obligations permitted by clause (6) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or obligations incurred under a Super Senior RCF, (y) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of this clause (y), after giving effect to such incurrence on that date, the Consolidated Secured Net Leverage Ratio shall be equal to or less than 4.5 to 1.0; and provided further that each of the parties to Indebtedness secured by Liens pursuant to clauses (x) or (y) hereof or their agent, representative or trustee will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement and (z) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes; *provided* that, in the case of this clause (z), the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any Affiliate thereof, (2) Senior Management (provided such Persons beneficially own at least 5% of the Capital Stock (other than Disqualified Stock) of the Company or any Parent), (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity and (4) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which the foregoing are members; that, in the case of such group and without giving effect to the existence of such group, no Person or other group (other than a Permitted Holder) has beneficial ownership of more than 50% of the Voting Stock of the Company or any of its direct or indirect parent companies. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date (or, in the case of any Person which becomes a Restricted Subsidiary after the Issue Date, any Investments in existence on, or to which that Person is contractually committed as of the date on, which it becomes a Restricted Subsdiary);

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of €110 million and 20% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; and

(17) Investments (including purchases, repurchases or redemptions) in Indebtedness of the Company or any of its Restricted Subsidiaries, including the Notes and the Notes Proceeds Loan; and

(18) any Investment made as a result of the contribution of the RAN Assets into a RAN Entity (including any Investment in a RAN Entity where such Investment was acquired by the Company or any of its Restricted Subsidiaries in exchange for the contribution of the RAN Assets into a RAN Entity) and, in each case, to the extent such transaction resulting in the relevant Investment would have constituted an Asset Disposition but for clause (8) of the definition thereof, such transaction would have complied with the covenant described under the caption "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"; provided that the maximum amount of RAN Assets that may be contributed in reliance on this clause (18) shall be limited to an aggregate book value of €100.0 million thereof, in each case determined at the time of contribution; and *provided further* that no RAN Entity shall incur any Indebtedness except in relation to ordinary course working capital requirements and shareholder debt;

(19) transactions entered into in order to consummate a Permitted Tax Restructuring;

(20) Investments pursuant to the Transactions;

(21) Investments in joint ventures or a Similar Business (excluding for the avoidance of doubt any network sharing joint venture), taken together with all other Investments made pursuant to this clause (21) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed €80.0 million; provided that, if an Investment is made pursuant to this clause (21) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(22) Investments in any network sharing joint venture, taken together with all other Investments made pursuant to this clause (22) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed €80.0; provided that, if an Investment is made pursuant to this clause (22) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(23) any Guarantee granted in connection with obligations imposed by ComReg, including by way of license, authorization, decision or otherwise or imposed by or granted to ComReg in connection with a member of the Group's universal service obligations or other telecommunications regulatory obligations, together with any replacement, renewal or extension of such guarantee,

provided that, if any Investment is made pursuant to the above clauses (1) to (23) in any Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed for all purposes of the Indenture to have been made pursuant to clause (1) or (2) above (and not pursuant to any other clause).

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings;

(5) Liens in favor of the Company of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any spectrum acquisition;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing (i) Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business or (ii) Permitted Vendor Financing; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions or standard terms and procedures relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary, financial institution or clearings system;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date, excluding Liens securing the Senior Facilities Agreement and the Notes;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary, or arising from

any escrow arrangement in relation to a management equity program to the extent funded as Management Advances;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts securing Indebtedness incurred under clause (10) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*";

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of €110 million and 20% of Consolidated EBITDA at any one time outstanding;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary;

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(29) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(30) Liens on Indebtedness permitted to be Incurred pursuant to clause (14) of the second paragraph of the covenant described under "—*Certain Covenants—Limitation on Indebtedness*";

(31) Liens on assets securing any Bond Facility;

(32) any Liens over shares or other interests (or securities) in joint ventures to secure obligations to the other joint venture partner(s) if required by the relevant joint venture agreements;

(33) Liens to cash-collateralize performance bonds or similar bonds or guarantees in connection with the NBP, any NBP Security Interest or any Tetra Security Interest;

(34) any Lien granted over shares or other interests (or securities) in any RAN Entity (including rights or assets derived from or related to those shares or other interests (as the case may be)), and/or loans and/or other extensions of credit made to, and/or any other property and/or assets in, any RAN Entity;

(35) any Liens (including escrow, cash collateral or similar arrangements and arrangements with tax authorities) arising in connection with (i) any acquisition or disposal permitted by the terms of the Indenture; or (ii) any other acquisition or disposal made by a member of the Group prior to the Issue Date;

(36) any Lien required by law or a court to be granted in favor of creditors in relation to a consolidation, amalgamation, combination or merger of the Company and any of its Restricted Subsidiaries or of its Restricted Subsidiaries in order to permit or facilitate the consolidation, amalgamation, combination or merger occurring (as the case may be), where such consolidation, amalgamation, combination or merger is permitted under this Agreement and/or for the purposes of any capital reduction;

(37) Liens arising in connection with any Permitted Tax Restructuring;

(38) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness, provided that such defeasance, discharge or redemption is permitted or otherwise not prohibited under this Indenture; and

(39) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (38) (inclusive) (other than clause (25)); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

"*Permitted Property Transaction*" means: (a) the sale of (i) Dame Court; or (ii) any other freehold or leasehold properties situated in Ireland which have, in aggregate, a book value as of the Issue Date not exceeding €50 million; or (b) the investment in and the development of Mill Street or Ennis.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any Restricted Subsidiary (a "Reorganization") that is made on a solvent basis; provided that: (1) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and (2) if any shares or other assets of an entity subject to reorganization form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral. Promptly upon consummation of a Permitted Reorganization, the Board of Directors of the Issuer will file with the Trustee a copy of the resolution of the Board of Directors of the Company or the applicable Restricted Subsidiary authorizing such Permitted Reorganization and an Officer's Certificate certifying that such Permitted Reorganization complied with the terms of the Indenture and did not result in a Default or Event of Default.

"*Permitted Tax Restructuring*" means any reorganizations and other activities related to tax planning and tax reorganization entered into prior to, on or after the date hereof so long as such Permitted Tax Restructuring is not materially adverse to the Holders of the Notes (taken as a whole) (as determined by the Company in good faith).

"*Permitted Vendor Financing*" means Indebtedness incurred by any Restricted Subsidiary of the Company (other than eircom Limited (Ireland)) up to a maximum amount outstanding of €300.0 million at any time in relation to the fiber network roll out and mobile network upgrade, provided that such Indebtedness is provided on arm's length and market terms.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €75.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value, and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*RAN Assets*" means assets constituting radio access network assets, including sites and related equipment.

"*RAN Entity*" means a Person whose primary purposes comprises the operation of the RAN Assets.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees

of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary of the Company, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary of the Company has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Re-domiciliation*" means the re-demociliation of eircom Holdco S.A. form Luxembourg to Jersey.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Refinancing Transactions*" means the issuance of the Notes, the entry into the Security Documents and other finance documents related to the issuance of the Notes and the utilization under Facility B7 and the use of proceeds therefrom.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

   (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

   (b) issuing or holding Subordinated Shareholder Funding;

   (c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

   (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

   (e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Responsible Officer*," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) including any vice president, assistant vice president, assistant treasurer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien on a basis pari passu with or senior to the security in favor of the Notes.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, security assignments, debentures and any other instrument or document creating security interests in the Collateral, as the same may be amended, supplemented or otherwise modified from time to time.

"*Senior Facilities Agreement*" means the senior facilities agreement entered into on or about April 18, 2017, by and among, *inter alios*, the Company, certain of the Company's Subsidiaries, as borrower and guarantors and Wilmington Trust (London) Limited as agent and security agent and the lenders thereunder, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Senior Finance Documents*" means the Senior Facilities Agreement and such other documents that are defined and/or designated as "Senior Finance Documents" pursuant to the Senior Facilities Agreement.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date, (b) the telecommunications business, including the distribution, sale and provision of standalone and bundled offerings of high-speed broadband, TV, fixed telephony and mobile services, data communications services and managed service solutions and other services in relation thereto, (c) any business of owning, operating, creating or assembling packages of content for, internet websites, portals or vortals conducted by the Company and any of its Restricted Subsidiaries on the date of the Indenture and any reasonable extension of such business and (d) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Guarantees pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Super Senior RCF*" means a revolving credit facility of up to €100 million which ranks senior in priority of ranking and payment (including prepayment and including in relation to security over the assets of the Group) to the Notes.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Tax Sharing Agreement*" means any group relief, tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Senior Facilities Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Tetra*" means Tetra Ireland Communications Limited.

"*Tetra Project*" means each project, of or related to, Tetra in connection with provision of communications for voice and/or data services in Ireland, including to design, supply, assemble, construct, maintain, manage and/or operate the relevant network to provide any of the foregoing services, together with any related services.

"*Tetra Security Interest*" means a Lien on (i) shares or other interests (or securities) in Tetra and/or a Subsidiary of Tetra (including rights or assets derived from or related to those shares), (ii) loans and/or other extensions of credit made to Tetra and/or a Subsidiary of Tetra and/or (iii) any assets or property of Tetra and/or a Subsidiary of Tetra, in each case, in connection with the Tetra Project.

"*Transactions*" means, collectively, the Refinancing Transactions and the actions relating to the drawing under the revolving credit facility under the Senior Facilities Agreement to be used, together with cash on balance sheet, to make a distribution to the Company's shareholders.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means Tetra and:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the "*Limitation on Indebtedness*" covenant or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Company, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

On the Issue Date, the Global Note will be deposited with the common depositary, and registered in the name of, the nominee of a common depositary, for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"). Each series of Notes will initially be represented by a global note in registered form without interest coupons attached (the "Global Note").

After the closing date, Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Ownership of interests in the Global Note ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through those participants. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary or its nominee for Euroclear and Clearstream will be considered the sole holder of Global Note for all purposes under the Indenture governing the Notes. Accordingly, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests, to transfer the interests or in order to exercise any rights of holders under the Indenture governing the Notes. The Book-Entry Interests in the Global Note will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Neither we, the Trustee, any Paying Agent, the Registrar, the Transfer Agent, the common depositary for Euroclear and Clearstream nor any of our or their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by that participant. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, "holders" of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

Under the terms of the Indenture governing the Notes, to the extent permitted by Euroclear or Clearstream, owners of Book-Entry Interests will receive definitive Notes in registered form ("Definitive Registered Notes"):

- if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and we do not appoint a successor within 90 days; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause, their current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of the Book-Entry Interests). Those Definitive Registered Notes will bear the restrictive legend described under "*Transfer Restrictions*" unless that legend is not required at the time by the Indenture governing the Notes or applicable law.

Redemption of the Global Note

In the event the Global Note (or any portion thereof) is redeemed, Euroclear or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in that Global Note from the amount received by it in respect of the redemption of the Global Note. The redemption price payable in connection with the redemption of the Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of the Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on any other basis that they deem fair and appropriate (including the pool factor); provided, however, that no book-entry interest of less than €100,000 principal amount may be deemed in part.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, if any, interest, additional interest and additional amounts) will be made by us in euros to the Principal Paying Agent. The Principal Paying Agent will, in turn, make payments to the common depositary for Euroclear and Clearstream, which will distribute those payments to participants in accordance with its procedures. Under the terms of the Indenture governing the Notes, we, the Trustee, any Paying Agent, the Transfer Agent and the Registrar will treat the registered holder of the Global Note as the owner of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Trustee, any Paying Agent, the Transfer Agent and the Registrar nor any of our or their agents has or will have any responsibility or liability for:

- any aspect of the records of (or maintaining, supervising or reviewing the records of) Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or for monitoring, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;
- any other matter relating to the actions and practices of Euroclear, Clearstream or any participants indirect participants; or
- the common depositary, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of those participants, as is the case with securities held for the accounts of customers registered in "street name."

To the extent permitted by law, we, the Trustee, any Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Note will be evidenced through registration from time to time at the registered office of the Company, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Note are credited and only in respect of the portion of the aggregate principal amount of Notes for which the participant or participants has or have given direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Note for Definitive Registered Notes in certificated form, and to distribute those Definitive Registered Notes to its participants.

Transfers

The Global Note will bear a legend as described under "*Transfer Restrictions.*" Book-Entry Interests in the Global Note will be subject to restrictions on transfer described under "*Transfer Restrictions.*"

Prior to 40 days after the date of initial issuance of the Notes, ownership interests in Global Note will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream and any sale or transfer of interests to U.S. persons will not be permitted.

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions which require physical delivery of securities or to pledge such securities, such holder must transfer its interests in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set out in the Indenture governing the Notes.

Definitive Registered Notes, if any, may be transferred and exchanged for Book-Entry Interests in a Global Note only pursuant to the terms of the Indenture governing the Notes and, if required, only after the transferor first delivers to the Trustee or relevant agent (in accordance with the terms of the Indenture governing the Notes) a written certificate (in the form provided in the Indenture governing the Notes) to the effect that the transfer will comply with the appropriate Transfers applicable to those Notes.

Global Clearance and Settlement under the Book-Entry System

Application will be made for the Notes to be admitted to trading on the Official List of the Exchange. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depositary.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Company, the Trustee, any Paying Agent, the Transfer Agents or the Registrar will have any responsibility for the performance by Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody account of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream, and will settle in same-day funds. Since the sale determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand the following with respect to Euroclear and Clearstream:

- Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of those participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets.
- Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear and Clearstream participant, either directly or indirectly.

TAX CONSIDERATIONS

Certain U.S. Federal Income Tax Consequences

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only persons that purchase Notes in the original offering, hold the Notes as capital assets, and, in the case of U.S. Holders (as defined below), use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of all particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction and certain taxpayers who file applicable financial statements required to recognize income when the associated revenue is reflected on such financial statements) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE STATE AND LOCAL LAWS OF THE UNITED STATES, IRELAND AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means a beneficial owner of a Note that for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States,
- a corporation organized in or under the laws of the United States or any political subdivision thereof,
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a Note other than a U.S. Holder.

The treatment of partners in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that owns Notes will depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a Note that would change the yield of the Note. See "*Description of the Notes—Change of Control*" and "*—Optional Redemption*." This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time such interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes is payable in euros. The amount of interest paid with respect to a Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars. A cash basis U.S. Holder will not recognize foreign currency exchange gain or loss with respect to the receipt of the euro interest payments.

A U.S. Holder that uses the accrual method of accounting is required to include the U.S. dollar value of interest income that accrued during the relevant accrual period. The U.S. dollar value of the accrued interest income generally is determined by translating such interest income at the average rate of exchange for the accrual period (or, if the accrual period spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, a U.S. Holder may elect to translate interest income at the spot rate of exchange on the last day of the accrual period (and in the case of a partial accrual period, the spot rate of exchange on the last day of the taxable year) or if the last day of an accrual period is within five business days of the date of receipt of the payment in respect of the related accrued interest, the spot rate of exchange on the date of receipt of payment. The above election will apply to all debt obligations held by the U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder generally will recognize foreign currency exchange gain or loss with respect to accrued interest income on the date the payment in respect of such interest income is received, if there is any difference between the exchange rate used to determine such interest income and the exchange rate on the date payment is received, regardless of whether the payment is in fact converted into U.S. dollars. For these purposes, all payments on a Note will be viewed (i) first, as the payment of any stated interest called for under the terms of the Note and (ii) second, as the payment of principal. Foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) (collectively a "disposition") of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized upon the disposition (other than accrued but unpaid interest, which will be taxable as interest) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder that receives euros on the disposition of a Note generally will have an amount realized equal to the U.S. dollar value of such euros translated at the spot rate of exchange on the date of disposition (or, if the Note is treated as traded on an established securities market, on the settlement date, in the case of a cash basis or electing accrual basis taxpayer). A U.S. Holder's initial tax basis in a Note generally will be the U.S. Holder's cost of the Note, which, in the case of a U.S. Holder that purchases a Note with euros, will be the U.S. dollar value of the euros paid for the Note determined at the spot rate of exchange on the date of purchase or, if the Note is publicly traded, in the case of a cash method or electing accrual method U.S. Holder, on the settlement date. If such an election is made, an accrual basis U.S. Holder must apply it consistently to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt instruments that such U.S. Holder subsequently acquires. This election cannot be changed without the consent of the IRS.

A U.S. Holder generally will realize foreign currency exchange gain or loss upon such a disposition (treated as ordinary income or loss from sources within the United States) if there is any difference between (i) the spot rate of exchange on the date the U.S. Holder acquired the Note and (ii) the spot rate of exchange on the date the Note is disposed of or the date the payment in respect of such disposition is received, as applicable. Such foreign currency exchange gain or loss, together with any foreign currency exchange gain or loss realized upon disposition in respect of accrued interest, generally will be realized only to the extent of the total gain or loss realized by such U.S. Holder upon disposition. Any such total gain or loss not treated as foreign currency exchange gain or loss generally will be capital gain or loss from sources within the United States, and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year at the time of the disposition. Net long-term capital gain of certain non-corporate U.S. Holders generally is subject to preferential rates of tax. The deductibility of capital losses is subject to limitations.

An accrual basis U.S. Holder that determines its amount realized in connection with the disposition of a Note by reference to the spot rate of exchange on the date of disposition (rather than on the settlement date) may recognize additional foreign currency exchange gain or loss upon receipt of euros from disposition upon settlement.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and Additional Amounts on or gain with respect to the Notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net income basis with respect to interest and Additional Amounts received in respect of the Notes or gain realized on the sale, exchange or other taxable disposition (including redemption) of the Notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes within the United States, or by a U.S. payor or a U.S. paying agent or other U.S. intermediary, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Certain owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

Irish Taxation

The following is a summary of the principal Irish withholding tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue

Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Taxation of Noteholders

Withholding Tax

In general, tax at the standard rate of income tax (currently 20%.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where:

(a) the Notes are quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognized stock exchange (such as the Exchange) and which carry a right to interest; and

(b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:

- the Notes are held in a clearing system recognized by the Irish Revenue Commissioners; (DTC, Euroclear and Clearstream, Luxembourg are, amongst others, so recognized); or
- the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, so long as the Notes continue to be listed on the Official List of the Exchange, are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer free of any interest withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognized clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland.

Anti-avoidance rules set out in Section 110 of the Taxes Consolidation 1997 Act (as amended) restrict the deductibility of interest paid by a qualifying company (such as the Issuer) that is profit dependent or exceeds a reasonable commercial return to the extent that the interest is associated with a 'specified property business' carried on by that qualifying company. The Issuer confirms that it has not held and does not intend to hold specified mortgages, units in an IREF (within the meaning of Chapter 1B of Part 27) or shares that derive their value from, or the greater part of their value from, directly or indirectly, Irish land, for the purposes of Section 110 of the Taxes Consolidation Act 1997 (as amended), thus these rules should not apply to this transaction.

Encashment Tax

Irish tax will be required to be withheld at the standard rate of income tax (currently 20%.) from interest on any Note, where such interest is collected or realized by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

PLAN OF DISTRIBUTION

The Issuer, the Guarantors and Citigroup Global Markets Limited, Goldman Sachs International, BNP Paribas, Credit Suisse Securities (Europe) Limited, Natixis and Société Générale (together, the "Initial Purchasers") will enter into a purchase agreement to be dated the date of this offering memorandum with respect to the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint.

The Initial Purchasers initially propose to offer the Notes to purchasers at the price indicated on the cover page of this offering memorandum. The Initial Purchasers may from time to time vary the offering price and any other selling terms without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates, who are qualified broker-dealers under applicable law.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and the Issuer's counsel. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the Initial Purchasers may be required to make in respect of any such liabilities. The Issuer will pay the Initial Purchasers a commission and pay certain expenses of the Offering.

The Issuer and the Parent Guarantor have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after delivery of the Notes is made against payment therefor (if the sale of the Notes by the Issuer and the Guarantors to the Initial Purchasers shall have occurred), neither the Parent Guarantor nor any of its subsidiaries will, without the prior written consent provided for in the purchase agreement, directly or indirectly, pledge, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any debt (including, without limitation, any debt securities, loans or other debt instruments) issued or guaranteed by the Parent Guarantor or any of its subsidiaries having a maturity of more than one year from the date of issue (other than the Notes and the Guarantees).

No action has been or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes and the Guarantees, or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes and the Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about, and to observe, any restrictions relating to the Offering of the Notes, the distribution of this offering memorandum and resales of the Notes. See "*Transfer Restrictions.*"

The Notes are a new issue of securities with no public trading market. The Issuer has been advised by the Initial Purchasers that the Initial Purchasers intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

We expect that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the business day following the date of pricing of the Notes (this settlement cycle being referred to as "T+ "). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery hereunder will be required, by virtue of the fact that the Notes initially will settle in T+ , to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the Offering. The Initial Purchasers may close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the initial purchasers make any representation that these transactions will be engaged in or that these transactions, once commenced, will not be discontinued without notice.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes, and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer or its affiliates, for which they received or will receive customary fees and expenses. Certain of the Initial Purchasers or their respective affiliates are lenders under the Senior Facilities. In addition, we have entered into interest rate swap agreements with BNP Paribas and Goldman Sachs International, and the Initial Purchasers or their respective affiliates may act as counterparties in any hedging arrangements with us or our affiliates entered into in connection with the Offering or otherwise, and will receive customary fees for their services in such capacities.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

The Notes (including the Guarantees) have not been and will not be registered under the Securities Act, and may not be offered or sold except to non-U.S. persons in offers and sales that occur outside the United States, in reliance on Regulation S, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Notes (including the Guarantees) as part of its allocation at any time other than outside of the United States in accordance with Regulation S. Transfer of the Notes (including the Guarantees) will be restricted and each purchaser of the Notes (including the Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "*Transfer Restrictions.*"

Any offer or sale in the United States will be made by affiliates of the Initial Purchasers who are broker-dealers registered under the U.S. Securities Exchange Act of 1934, as amended. In addition, until 40 days after the commencement of the Offering, an offer or sale of Notes within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act and in connection with any applicable state securities laws.

In the United Kingdom, this offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Initial Purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Solely for the purposes of the product approval process of Citigroup Global Markets Limited and Goldman Sachs International(the "Manufacturers"), the target market assessment in respect of the Notes described in this offering memorandum has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

TRANSFER RESTRICTIONS

The following restrictions will apply to the Notes. You are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes. See "*Description of the Notes.*"

None of the Notes have been registered under the U.S. Securities Act, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only outside the United States to non-U.S. persons in accordance with Regulation S. A non-U.S. person shall include any dealer or other professional fiduciary in the United States which is acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust) in reliance upon Regulation S. As used in this section, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have acknowledged, represented and agreed with us, the Initial Purchasers as follows:

(1) It is purchasing the Notes for its own account or for an account with respect to which it exercises sole investment discretion and that it and any such account is, at the time the buy order for the Notes is originated, a non-U.S. person that is outside the United States (or a non-U.S. person that is a dealer or other fiduciary as referred to above).

(2) It acknowledges that the Notes are being offered for resale in a transaction not involving a public offering in the United States (within the meaning of the U.S. Securities Act) and have not been registered under the U.S. Securities Act or any other securities laws and may not be reoffered, resold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) It shall not offer, resell, pledge or otherwise transfer the Notes except (A) to the Issuer or any of its subsidiaries, or (B) outside the United States in an offshore transaction in compliance with Regulation S under the U.S. Securities Act. It acknowledges that the exemption provided by Rule 144 for resale of the Notes is not available.

(4) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(5) It is relying on the information contained in this offering memorandum in making its investment decision with respect to the Notes. It acknowledges that neither we nor the Initial Purchasers have made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in this offering memorandum which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us and the Initial Purchasers.

(6) It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture governing the Notes.

(7) Each holder of Notes agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date that is 40 days after the later of the date of the issue of the Notes and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) outside the United States in an offshore transaction in compliance with Regulation S under the U.S. Securities Act or (iv) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv) to

require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse side of the security is completed and delivered by the transferor to the Trustee. Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND, ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH THE ISSUER OR ANY OF ITS AFFILIATES WAS THE OWNER OF THIS SECURITY, OFFER, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY BUYER THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.

(8) It acknowledges that the Trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth above have been complied with.

(9) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

(10) It agrees to indemnify and hold us, the Trustee, the Initial Purchasers and their respective affiliates harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

Each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes assets of any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act, as amended ("ERISA"), any plan, individual retirement account or other arrangement subject to Section 4975 of the Code or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Law"), or any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or (ii) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Milbank LLP, as to matters of United States federal and New York state law, by Arthur Cox as to matters of Irish law, by Mourant Ozannes, as to matters of Jersey law and by McSorley Legal, as to matter of Luxembourg law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Linklaters LLP, as to matters of United States federal and New York state law, by A&L Goodbody, as to matters of Irish law, by Carey Olsen Jersey LLP, as to matters of Jersey law and by Linklaters LLP, as to matters of Luxembourg law.

INDEPENDENT AUDITORS

The audited consolidated non-statutory financial statements of EHIL and its subsidiaries as of and for the years ended June 30, 2016, 2017 and 2018, included elsewhere in this offering memorandum, have been audited by PricewaterhouseCoopers, independent auditors, as stated in their reports appearing herein. The auditors' reports state that they have been prepared for and only for EHIL's directors as a body for management purposes in accordance with the terms of their engagement letters and for no other purpose. To the fullest extent permitted by law, the independent auditors do not accept or assume responsibility for any other purpose or to anyone other than the directors of EHIL as a body for their audit work, their audit report or for the opinions they have formed. PricewaterhouseCoopers resigned as auditor to EHIL effective December 19, 2018.

Investors in the Notes should understand that in making these statements the independent auditors confirmed that they do not accept or assume any liability to parties (such as the purchasers of the Notes) other than the directors of EHIL as a body with respect to the report and to the independent auditors' audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditors based on their report or the consolidated financial statements to which it relates could be limited.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set forth below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in the jurisdiction in which the Guarantees and security interests in the collateral are being, or are expected to be, provided.

European Union

The Issuer and a number of the Guarantors are incorporated under the laws of member states of the European Union (each, a "Member State").

On June 23, 2016, the United Kingdom voted in favour of withdrawing from the European Union in a referendum and, on March 29, 2017, the UK Government exercised its right under Article 50 of the Treaty on the European Union to notify the European Union of the United Kingdom's intention to withdraw from the European Union.

There remains considerable uncertainty (and there is likely to be uncertainty for some time to come) as to the impact the UK's withdrawal from the EU will have on the regulatory environment in the EU and the United Kingdom, and on the applicability of EU law in the United Kingdom. In a 'no deal' Brexit scenario in particular, it will likely be harder for UK office holders and UK restructuring and insolvency proceedings to be recognised in Member States and to effectively deal with assets located in those other Members States. Much depends upon the private international rules in the particular Member State and the need may well arise to open parallel proceedings, increasing the element of risk. In particular, in cases where the appointment of a UK office holder has been made in reliance on a UK domestic approach, it is much less certain that there will be recognition in the relevant Member State even if UK jurisdiction is taken on the grounds of UK COMI or establishment (where such concepts are retained as a matter of UK domestic law). The below guidance as to COMI and any cross-border proceedings within Europe should be construed as a description of the current law as at the date of this Offering Memorandum.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended (the "Recast Insolvency Regulation"), which applies within the European Union, other than Denmark, to insolvency proceedings opened on or after 26 June 2017 the court which shall have jurisdiction to open the main insolvency proceedings in relation to a company (subject to certain exceptions) is the court of the Member State (other than Denmark) in which the relevant company's centre of main interests ("COMI") (as that term is used in Article 3(1) of the Recast Insolvency Regulation) is situated.

COMI is not a static concept and may change from time to time, but is determined for the purposes of deciding which court has competent jurisdiction to open main insolvency proceedings at the time of the request to open insolvency proceedings: moreover, the determination of where a debtor has its COMI is a question of fact on which the courts of the different Member States may have differing and even conflicting views. Article 3(1), second sentence, of the Recast Insolvency Regulation states that a company's COMI "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties." Under Article 3(1) of the Recast Insolvency Regulation there is, in most cases, a rebuttable presumption that a corporate debtor has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary. The presumption only applies if the registered office has not been moved to another Member State within the three month period prior to the request for the opening of insolvency proceedings. Recital 30 of the Recast Insolvency Regulation contains a number of examples of where a presumption as to COMI may be rebutted: for instance, where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State. In that respect, the factors that courts may take into consideration when determining the centre of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognize as being the centre of the company's operations. If the centre of main interests of a company subject to the Recast Insolvency Regulation (a "debtor"), at the time of the request to open insolvency proceedings, is located in a Member State (other than Denmark), only the courts of that Member State have jurisdiction to open the main insolvency proceedings in respect of the debtor under the Recast Insolvency

Regulation and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast Insolvency Regulation. Insolvency proceedings commenced in one Member State under the Recast Insolvency Regulation are to be recognized (subject to any public policy exception) in the other Member States (other than Denmark), although secondary insolvency proceedings or territorial insolvency proceedings may (subject to certain exceptions) be commenced in another Member State (other than Denmark).

If the centre of main interests of a debtor, at the time an insolvency application is made, is in a Member State (other than Denmark), under Article 3(2) of the Recast Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction (subject to certain exceptions) to commence secondary insolvency proceedings or territorial insolvency proceedings against that debtor only if such debtor has an "establishment" (as defined in Article 2(10) of the Recast Insolvency Regulation) in the territory of such other Member State. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Recast Insolvency Regulation and for the avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets." Accordingly, the opening of secondary insolvency proceedings or territorial insolvency proceedings in another Member State (other than Denmark) will also be possible if the debtor had an establishment in such Member State in the three month period prior to the request for opening of main insolvency proceedings.

The effects of those secondary insolvency proceedings or territorial insolvency proceedings opened in that other Member State (other than Denmark) are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State (other than Denmark) in which the debtor has its centre of main interests have not yet been commenced, territorial insolvency proceedings may only be commenced in another Member State (other than Denmark) where the debtor has an establishment where either (i) insolvency proceedings cannot be commenced in the Member State in which the debtor's centre of main interests is situated under the conditions laid down by that Member State's law; or (ii) the opening of territorial insolvency proceedings is requested by (a) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested, or (b) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the lex fori concursus, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

The courts of all Member States (other than Denmark) must recognize the judgment opening insolvency proceedings of the court commencing proceedings (subject to any public policy exception). The judgment of the court commencing main proceedings will produce the same effects in the other Member States (other than Denmark) as under the law of the Member State (other than Denmark) commencing main proceedings, so long as no secondary insolvency proceedings or territorial insolvency proceedings have been commenced in that other Member State and subject to certain other exceptions (e.g. rights in rem situated in another Member State remain subject to the original law governing that right). The insolvency practitioner appointed or confirmed by a court in the Member State which has jurisdiction to commence main proceedings may exercise the powers conferred on it by the laws of that Member State in another Member State (other than Denmark) (such as to remove assets of the debtor from that other Member State). These powers are subject to certain limitations (e.g. the powers are available provided that no insolvency proceedings have been commenced in that other Member State nor any preservation measure to the contrary has been taken there further to a request to commence secondary proceedings in that other Member State where the debtor has assets).

In addition, the concept of "group coordination proceedings" has been introduced in the Recast Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency proceedings of several members of a group of companies opened in one or more Member States (other than Denmark). Under Article 61 of the Recast Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group coordination proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that any one or more of the Issuer or the Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable laws may affect the enforceability of the obligations and the security of the Issuer and/or any of the Guarantors (as applicable).

England and Wales

eircom (UK) Limited (the "English Obligor") is a company incorporated under the laws of England and Wales and has granted certain English law collateral. Any insolvency proceedings by or against the English Obligor would likely (subject to the location of the English Obligor's centre of main interests at the time of any filing) be based on English insolvency laws. However, pursuant to the Recast Insolvency Regulation, where a company incorporated under English law has its COMI in a Member State other than the United Kingdom (and other than Denmark), then the main insolvency proceedings for that company will, subject to certain exceptions, be opened in the Member State (other than Denmark) in which its COMI is located and be subject to the laws of that Member State. There are a number of factors that are taken into account to ascertain the COMI; however, pursuant to Article 3(1) of the Recast Insolvency Regulation, the COMI should correspond to the place where the company conducts the administration of its interests on a regular basis and be ascertainable by third parties.

There is in most cases a rebuttable presumption that a corporate debtor's COMI is the location of the company's registered office. However, if the registered office has been moved to another Member State (other than Denmark) within the three month period prior to the request for the opening of insolvency proceedings, that presumption would not apply. The point at which this issue falls to be determined is at the time of the request to open the relevant insolvency proceedings.

Similarly, the Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in Great Britain and which apply to foreign insolvency proceedings (subject to certain exceptions) anywhere in the world without any condition of reciprocity, provide that certain collective foreign (i.e., non English) proceedings may be recognized by the English courts as foreign main proceedings where any English company has its COMI in that foreign jurisdiction, or as foreign non main proceedings where it has an "establishment" in such foreign jurisdiction (being a place of operations where it carries out a non transitory economic activity with human means and assets or services). As such, should any English company have its COMI in a jurisdiction that is neither within the UK nor is a Member State of the EU, and insolvency proceedings are opened in that jurisdiction and afforded recognition by the English courts, any proceedings opened in England and Wales would be foreign non-main proceedings and would be limited to the assets that the relevant company has in the UK . Upon recognition of foreign main proceedings, an automatic stay, equivalent to the stay in an English compulsory liquidation (see below), will apply to prevent certain types of creditor action in the UK, including commencement of proceedings concerning the debtor's assets, rights, obligations or liabilities (but the automatic stay will not affect a creditor's rights to enforce security over the debtor's property (albeit such a stay may be requested from the English court)). No automatic stay applies in relation to foreign non-main proceedings (albeit such a stay may be requested from the English court). To the extent that the Cross Border Insolvency Regulations 2006 conflict with the Recast Insolvency Regulation, (subject to limited exceptions) the Recast Insolvency Regulation will prevail.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. The obligations under the Notes will be secured by security interests over the collateral, including the pledge over certain assets of the English Obligor. English insolvency laws, and other limitations could limit the enforceability of those security interests over the collateral and the enforceability of any guarantees granted which are governed by English law.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a "qualifying floating charge" (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). The following is a brief description of **certain** aspects of English insolvency law relating to certain limitations on the guarantees given by the Obligors and the security interests granted over the collateral. The application of these laws could adversely affect investors, including their ability to enforce their rights under the collateral securing the Notes and may limit the amounts that investors may receive in an English law insolvency of the Issuers and Guarantors. A summary of these processes is set out below.

Formal Insolvency Processes

Under the Insolvency Act 1986, as amended by the Enterprise Act 2002, and as otherwise amended from time to time (the "Insolvency Act"), certain types of company may file for or become subject to certain formal insolvency processes. Formal insolvency proceedings under the laws of England and Wales include administration and liquidation,

The distinction between administration and liquidation is discussed further below but, in essence, administration is designed to provide a tool to rescue the company or its business as a going concern where the company is or is likely to become insolvent, whereas liquidation is a termination procedure designed to distribute the company's assets to its creditors.

In addition to administration and liquidation, there are two other insolvency regimes under the Insolvency Act for certain types of company in England and Wales, namely company voluntary arrangements and administrative receivership. Certain secured creditors may also have the ability to appoint a receiver (in contrast to an administrative receiver) which is a self-help remedy often granted within the documents granting the security interests over the collateral. Save for receivership and administrative receivership, all of these insolvency procedures under the Insolvency Act are collective remedies for the benefit of all creditors.

Administration

The Insolvency Act empowers English courts to make an administration order, in respect of, principally, a company registered in England and Wales, or a company with its COMI in England and Wales in certain circumstances. Without limitation and subject to specific conditions, an administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the stated purpose of the administration[*]. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or to satisfy in full or in part a judgment debt (or similar court order). Without limitation and subject to specific conditions, a company (falling within the definition set out in the Company's Act 2006), the directors of such company or the holder of a qualifying floating charge (see "*Administrative Receivership*" below as to what constitutes a qualifying floating charge) where the floating charge has become enforceable, may also appoint an administrator via an out of court process, and different procedures apply according to the identity of the appointor.

The administration of a company must achieve one of the following statutory objectives: (1) the rescue of the company (as distinct from the business carried on by the company) as a going concern (the first objective); (2) the achievement of a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration) (the second objective); or (3) the realization of some or all of the company's property to make a distribution to one or more secured or preferential creditors (the third objective). An administrator must attempt to achieve the first objective of administration, unless he or she thinks either that it is not reasonably practicable to achieve the first objective, or that the second objective would achieve a better result for the company's creditors as a whole. The administrator cannot pursue the third objective unless he thinks that it is not reasonably practicable to achieve either the first objective or the second objective and that it will not unnecessarily harm the interests of the creditors of the company as a whole to pursue the third objective. Subject to this, the administrator must perform his functions in the interests of the company's creditors as a whole. The order of priority which applies to any distribution to creditors is set out below (see "*Priority on Insolvency*").

Certain rights of creditors, including secured creditors, are curtailed in an administration pursuant to the statutory moratorium imposed under the Insolvency Act. For example, upon the appointment of an administrator, no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court. The same requirements for consent or permission apply to the institution

[*] In addition, upon the application of the holder of a qualifying floating charge (who would otherwise be entitled to appoint an administrator via an out of court process), the court may make an administration order if it is satisfied that the administration order is reasonably likely to achieve the stated purpose of the administration (and without having regard to whether the relevant company is or is likely to become "unable to pay its debts").

or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider a range of discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if an Obligor were to enter into administration, the collateral granted by the Obligor could not be enforced while the Obligor was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain such permission of the court or consent of the administrator.

However, whilst the restrictions of the moratorium are extensive they are not total. For example, contractual set-off rights may continue to be exercised, at least until the administrator makes an authorised distribution and certain creditors of a company in administration may, in certain defined circumstances, be able to enforce their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral arrangement" (generally, this can include a charge over cash or financial instruments, such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (as amended) (the "Financial Collateral Regulations") (see "*Financial Collateral Arrangements No 2 Regulations 2003*"). If an Obligor were to enter administration, it is possible that, to the extent such security is not a financial collateral arrangement, the security granted by it would not be able to be enforced while it is in administration without leave of the court or consent of the administrators.

While an administrator is in office, the powers of the board of directors of the relevant company cease (save for those powers that do not interfere with the exercise of the administrators' powers, or where permitted by the administrator) and the administrator has primary responsibility for managing the company's affairs. An administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration that is either not subject to security, or is subject to a floating charge – however an administrator may only dispose of property of a company subject to a fixed charge with the leave of the court. The administrator also has the ability to challenge certain antecedent transactions.

Ordinary corporate administration terminates automatically after a year (albeit the administration may be extended by court order or, subject to a limit of one year, by consent of the creditors).

A company may exit administration if the administrator is satisfied that one or more of the statutory objectives have been achieved (upon application to and order of the court if the administration is pursuant to an administration order). On exiting administration the company may resume normal business. However, the administrator also has the power, should he conclude that there is no reasonable prospect of rescuing the company, to either place the company into liquidation or use his powers under, and in accordance with, the Insolvency Act to distribute the company's assets and thereby achieve substantially the same result as a liquidation.

Administrative Receivership

There are, broadly speaking, two different types of receiver: An 'administrative receiver' (being a receiver or manager of the whole or substantially the whole of a company's property appointed by a holder of a charge which as created was a floating charge, or by such a charge and one or more other securities and who normally takes over the running of the company's business) and a receiver (often described as a "fixed charge receiver"). The latter are not administrative receivers and are mostly used to sell land or other specific assets subject to a fixed charge).

If a company registered in England & Wales grants a "qualifying floating charge" to a party for the purposes of English insolvency law, that party may be able to appoint an administrative receiver or an administrator out of court (see "*Administration*" above), provided that, in the case of the ability to appoint an administrative receiver, the qualifying floating charge pre-dates September 15, 2003 or falls within one of the exceptions under the Insolvency Act to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which: (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. A party will be the holder of a qualifying floating charge if he holds one or more debentures of the company secured: (a) by a qualifying floating charge which relates to the whole or substantially the whole of the company's property; (b) by a number of qualifying floating charges which together relate to the whole or substantially the whole of the company's property; or (c) by charges and other forms of security which together relate to the whole or substantially the whole of the company's property and at least one of which is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant English company during the life of the arrangement and the arrangement involves the issue of a "capital market investment" (which is defined in the Insolvency Act, and includes rated, listed or traded debt instruments, and debt instruments designed to be rated, listed or traded). If the requirements above cannot be satisfied, a company may not appoint an administrative receiver.

The ability to appoint a receiver over secured assets (in contrast to an administrative receiver) is typically provided for in English law security documents. There is also a (limited) statutory right under section 101 of the Law of Property Act 1925 for the holder of a mortgage or charge created by deed over the assets of a chargor to appoint a receiver over the charged assets to collect the income of the charged property and apply it in satisfaction of the secured debt.

A receiver can be appointed in accordance with the terms of the security documentation which typically provide for the ability to appoint a receiver once the relevant security interests become enforceable in accordance with their terms. Once appointed, the receiver acts as the agent of the chargor. The charge document pursuant to which the receiver is appointed will typically set out the powers of the receiver once appointed. Typically, these powers will include the right to take possession of and sell the charged assets, with the proceeds being used to pay the secured creditors.

An administrative receiver and, typically a receiver's, primary duty is to realise the secured assets and to pay the proceeds to the secured creditor, up to the amount of the secured debt (subject to the requirement to set aside the prescribed part (discussed below)). He does, however, also owe duties to the company, in particular a duty to obtain the best price reasonably obtainable at the relevant time when selling any asset.

There is no moratorium in receivership or administrative receivership, so creditors can enforce any rights that are consistent with the priority of the security, including exercising rights of set-off and forfeiture, collecting goods that are subject to valid retention of title claims and terminating contracts.

If a company is already in administration, the moratorium on creditor action will prevent the appointment of a receiver or administrative receiver unless the administrator consents, the court permits the appointment or an exception to the moratorium applies (see above).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. In contrast the appointment of a receiver who is not an administrative receiver does not prevent the appointment of an administrator.

If an administrator is appointed, any administrative receiver will vacate office, and any receiver appointed over part of the company's property must resign if required to do so by the administrator.

Liquidation

Liquidation is a company dissolution procedure pursuant to which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act (see "*Priority on Insolvency*" below). Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies.

There are two forms of winding-up: (a) compulsory liquidation, by order of the court; and (b) voluntary liquidation, by resolution of the company's members, and which is in turn divided into members' voluntary liquidation ("MVL") and creditors' voluntary liquidation ("CVL"). A CVL (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, but once in place is subject to some degree of control by the creditors.

Companies registered in England and Wales or foreign companies with their COMI in England and Wales (a main insolvency proceeding under the Recast Insolvency Regulation), with their COMI in a Member State (except Denmark) and an establishment in England and Wales (a secondary proceeding under the Recast Insolvency Regulation) or whose COMI is not located in a Member State (except Denmark) but having "sufficient connection" with England and Wales may be wound up via compulsory liquidation. Only companies registered in England and Wales may be subject to voluntary liquidation (save that a foreign company where its COMI is in England and Wales or in another Member State (except Denmark) but which has an establishment in England and Wales) may enter a creditors' voluntary liquidation).

A creditor, the company or in certain circumstances a shareholder, among others, can present a winding-up petition to the Court for the compulsory winding-up of a company. The most common grounds for the compulsory winding-up of a company is that either it is unable to pay its debts (as defined in Section 123 of the Insolvency Act) or the court is of the opinion that it is just and equitable for the company to be wound up.

The effect of a compulsory liquidation differs in a number of respects from that of a voluntary liquidation. In a compulsory liquidation, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding up petition. Once a winding up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding may be continued or commenced against the company without permission of the court although there is no stay on the enforcement of security.

In the context of a voluntary liquidation however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the members' resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary liquidation—it is for the liquidator, or any creditor or contributory of the company, to apply for a stay.

An MVL is a solvent liquidation that is controlled by the shareholders. It commences when the shareholders pass a special resolution to place the company into liquidation and there is no involvement by the court. Not more than five weeks prior to the making of the winding up resolution, the directors must swear a statutory declaration of solvency stating that, after having made full enquiry into the company's affairs, they have formed the opinion that it will be able to pay its debts, including interest and the costs of the MVL process, in full within a stated period not exceeding twelve months from the start of the liquidation.

A CVL is also commenced by the shareholders resolving to place the company into liquidation and has no court involvement. In contrast to an MVL, however, the directors do not swear a statutory declaration of solvency for a CVL (meaning the company can be solvent or insolvent). If the creditors choose a different person to act as liquidator from that appointed by the shareholders, the creditors' choice will prevail.

On the appointment of a liquidator, the directors' powers to bind the company automatically cease, save for those powers that are sanctioned by the liquidator or creditors (as appropriate).A liquidator has, among other things, the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property (provided that in respect of the sale of any property that is secured by a fixed charge in favour of a creditor, if that sale is made without the secured creditor's consent, it will be made subject to that security, as the creditor's consent will be needed to the release of the security), execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, with some exceptions a liquidator has the power to disclaim any onerous property, which includes unprofitable contracts and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract where all of the obligations have been performed nor can it be used to disturb accrued rights and liabilities, and if a contract is disclaimed the contractual counterparty has a right to sue for damages in respect of the terminated contract.

Company Voluntary Arrangements

A company voluntary arrangement ("CVA") is a procedure intended to allow companies to avoid potentially terminal insolvency proceedings and to address their financial difficulties by obtaining a binding agreement or compromise with their unsecured creditors. Though it does not result in the insolvency of a company, a CVA is implemented under the supervision of an insolvency practitioner who will act as the nominee before the CVA proposals are approved, and as the supervisor afterwards. CVAs may also be used as a tool alongside a formal insolvency procedure such as administration in order to implement a compromise between the debtor company and its creditors.

A company is eligible to propose a CVA if it is (i) registered under the Companies Act 2006 (or the preceding legislation) in England and Wales or Scotland (ii) if it is incorporated in a Member State other than the UK or (iii) if the company is not incorporated in a Member State but has its COMI in a Member State (other than Denmark). The CVA can be proposed by the relevant company's directors (if the relevant company is not in administration or liquidation) or, if the relevant company is in administration or liquidation, by the administrator or the liquidator (as applicable).

The proposal for a CVA would generally include a rescheduling or reduction of the company's unsecured debts, but may also form part of more complex arrangements that seek to balance the interests of many different creditor groups.

If the proposals under the CVA are approved by the requisite majority of creditors, a CVA will bind all unsecured creditors of a company—however a CVA will not affect the rights of secured creditors or preferential creditors unless they agree to the proposals. Shareholders of the company will also be asked to vote on the CVA.

Avoidance of Transactions

There are circumstances under English insolvency law in which the granting by a company of security and guarantees, or the entry by a company into a transaction can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period from the relevant act. Therefore, if during the specified period an administrator or liquidator is appointed to a company, the administrator or liquidator may challenge the validity of the security or guarantee given, or certain transactions entered into by that company and, as such, it cannot be certain that, in the event that the onset of a company's insolvency (as described below) is within any of the requisite time periods, the grant of a security interest or a guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Relevant Time

Whether a transaction at an undervalue was entered into, a preference was given or an invalid floating charge was granted will depend in part on whether that action took place at the "relevant time."

In the case of a preference or a transaction at an undervalue, the relevant time is deemed to be:

a) if the preference was in favour of a connected person (other than by reason of being an employee), and in the case of all transactions at an undervalue, the period of two years ending with the onset of the company's insolvency (as defined below);

b) if the preference is not given in favour of a connected person, the period of 6 months ending with the onset of the company's insolvency;

c) at a time between the making of an administration application in respect of the company and the making of a an administration order on that application; or

d) at a time between the filing of a notice of intention to appoint an administrator and the making of an appointment,

provided that at the time the transaction at an undervalue was entered into or the preference was given the company was unable to pay its debts or became unable to pay its debts as a result of the transaction at an undervalue or the transaction in respect of which the preference was given. If the transaction at an undervalue is entered into in favour of a connected party, the company will be assumed to have been unable to pay pay its debts or became unable to pay its debts as a result of the transaction.

In the case of a floating charge which is being challenged, the relevant time is deemed to be:

a) if the floating charge is created in favour of a connected person, the period of two years ending with the onset of the company's insolvency (as defined below);

b) if the charge is not created in favour of a connected person, the period of 12 months ending with the onset of the company's insolvency;

c) at a time between the making of an administration application in respect of the company and the making of a an administration order on that application; or

d) at a time between the filing of a notice of intention to appoint an administrator and the making of an appointment,

provided that at the time the charge was granted the company was unable to pay its debts or became unable to pay its debts as a result of the transaction in respect of which the floating charge was granted.

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as discussed below), depends on the insolvency procedure in question.

In administration, the “onset of insolvency” is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as the initial administration.

Connected Persons

If the given transaction at an undervalue, preference, or invalid floating charge has been entered into by the company with a “connected person”, then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A “connected person” of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences or invalid floating charges is a party who is: (a) a director of the company; (b) a shadow director; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

The term “associate” is very widely defined; key “associates” are defined below.

A party is an associate of an individual if they are: (a) a relative of the individual; (b) the individual’s husband, wife or civil partner; (c) a relative of the individual’s husband, wife or civil partner; or (d) the husband, wife or civil partner of a relative of the individual or the individual’s husband, wife or civil partner.

A person is an associate of any person with whom he is in partnership and of the husband, wife or civil partner or relative of any individual with whom he is in partnership.

A party is associated with a company if they are employed by that company (and in this case directors of a company are treated as employees of that company). A person is also an associate of any person whom he employs. A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under the English insolvency legislation that may apply to any security interest or guarantee granted by a company include, without limitation, the following described below.

Transactions at an undervalue

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside a security interest or a guarantee (or grant other relief) where the creation of such security interest or guarantee constituted a transaction at an undervalue under Section 238 of the Insolvency Act. A transaction will only be a transaction at an undervalue if at the time of the transaction or as a consequence of the transaction, the company was or became unable to pay its debts (as defined in Section 123 of the Insolvency Act).

A transaction may be set aside as a transaction at an undervalue if the company made a gift to a person, if the company received no consideration, or if the company received consideration of significantly less value, in money or money's worth, than the consideration given by such company in return. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was insolvent unless a beneficiary of the transaction was a connected person (see "*Connected Persons*" above), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the company in such proceedings. The transaction must also have occurred at the "relevant time" (see "*Relevant Time*" above).

A court will not generally set aside a transaction if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. If the court determines that the transaction was a transaction at an undervalue, the court shall make such order as it thinks fit to restore the company to the position it would have been in had the transaction not been entered into (which may include the setting aside of any security interests or guarantees granted). An order by the court for a transaction at an undervalue may affect the property of, or impose any obligation on, any person whether or not he is the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where that person was a party to the transaction.

Preference

Under the Insolvency Act, a liquidator or administrator could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) where the creation of such security interest or such guarantee constituted a preference under section 239 of the Insolvency Act. A transaction will only constitute a preference if at the time of the transaction or as a consequence of the transaction the company was or became unable to pay its debts (as defined in Section 123 of the Insolvency Act).

A transaction may constitute a preference if it has the effect of putting a creditor of the company (or an existing surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. For the court to determine a preference, however, it must be shown that the company was influenced by a desire to produce the preferential effect (under Section 239(5) of the Insolvency Act). The transaction must also have occurred at a "relevant time" (see "Relevant Time" above).

It is for the administrator or liquidator to demonstrate that the company was insolvent at the time and that the company was influenced by a desire to prefer the counterparty to the transaction, unless the beneficiary of the transaction was a connected person (other than by being an employee), in which case there is a presumption that the company was influenced by a desire to prefer and the connected person must demonstrate in such proceedings that there was no such desire. The desire to prefer requires a "positive wish to improve the creditor's position in the event of the company's insolvent liquidation" (*Re Fairway Magazines Ltd* 1993 BCLC 643). A preferential effect for a creditor may be foreseen by the company without being desired. Where a company is influenced only by "proper commercial considerations" there will be no desire to prefer and therefore no voidable preference (*Re MC Bacon Ltd (No. 1)* 1990 BCLC 324).

If the court determines that the transaction was a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under or setting aside the relevant Notes, Guarantees and collateral (although there is certain protection (described below) for a third-party who enters into a transaction in good faith and without notice). An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not he is the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the liquidator or administrator of the company, except where that person was a party to the transaction constituting a preference or where the payment is to be in respect of a preference given to that person at a time when he was a creditor of the company.

Transaction defrauding creditors

Under the Insolvency Act, where it can be shown that a transaction was at an undervalue and the court is satisfied that it was made for the substantial purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim that that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction (with the leave of the court if the company is in administration or liquidation) and is not therefore limited to liquidators or administrators and, subject to certain conditions, the UK Financial Conduct Authority, the UK Prudential Regulation Authority and the UK Pensions Regulator. There is no statutory time limit under English insolvency legislation within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum unless such person was a party to the transaction.

Extortionate credit transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by a company up to three years before the day on which the company entered into administration or went into liquidation. A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing. It is presumed, unless otherwise proved by the person extending the credit, that a transaction with respect to which an administrator or liquidator makes an application to set aside an extortionate credit transaction is extortionate. The court can make an order in relation to extortionate credit transactions entered into by a company up to three years before the day on which a company entered into administration or went into liquidation. That order may set aside, either in whole or in part, any obligation created by the transaction (which could include obligations of sureties). It may also vary the terms of the transaction or the terms of any security for the purposes of the transaction. The court may require any party to the transaction to repay to the liquidator or administrator sums already paid under the transaction and it may order the surrender of any security held for the purpose of the transaction. It should be noted that there are no provisions for the protection of third parties who acquire interests in the extortionate credit transaction (e.g. assignees of the benefit of the transaction from the person who provided credit under it).

Invalid floating charges

The Insolvency Act provides that, in certain circumstances, a floating charge granted by a company during the "relevant time" (see "*Relevant Time*" above) may be invalid in whole or in part if certain conditions are met. Nevertheless, even if a floating charge is *prima facie* invalid, it will be valid to the extent of the aggregate of:

(a) the value of so much of the consideration for the creation of the charge as consists of money paid, or goods or services supplied, to the company at the same time as, or after, the creation of the charge;

(b) the value of so much of that consideration as consists of the discharge or reduction, at the same time as, or after, the creation of the charge, of any debt of the company; and

(c) interest on any such amount.

Further, the power to avoid a floating charge under section 245 of the Insolvency Act is disapplied in respect of a financial collateral arrangement (as defined in the Financial Collateral Arrangements (No.2) Regulations 2003 (as amended)).

If a floating charge is held to be wholly invalid, then it will not be possible for the holder of that charge to appoint an administrator out-of-court or through the less onerous in-court route for qualifying floating charge holders or (if the holder would otherwise have been entitled to appoint an administrative receiver but for the floating charge being held invalid), to appoint an administrative receiver.

Limitation on enforcement

The grant of a Guarantee or security by an English company in respect of the obligations of another company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the Guarantee and/or security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for the company in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director of a company must act in the way that he considers, in good faith, would be most likely to promote the success of that company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Priority on Insolvency

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute the cash realizations made from those assets to its creditors. Under the Insolvency Act, creditors are placed into different classes and, with the exceptions and adjustments noted below, the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the prescribed part (see "*Prescribed Part*" below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been repaid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the cash is distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

- **First ranking**: holders of fixed charge security, who are entitled to the proceeds of those secured assets up to the value of their secured claim, and creditors with a proprietary interest in specific assets in the possession (but not full legal and beneficial ownership) of the debtor are entitled to the assets in which they have a proprietary interest;
- **Second ranking**: expenses of the insolvent estate incurred during the relevant insolvency proceedings (there is a further statutory order of priority setting out the order in which expenses are paid);
- **Third ranking**: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and (d) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("FSCS") up to the statutory limit. As between one another, ordinary preferential debts rank equally. Secondary preferential debts include (a) bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit, and (b) from 6 April 2020, but only *if* the requisite legislation is passed by the UK government, claims by HMRC for taxes including VAT, PAYE income tax, employee NI contributions and Construction Industry Scheme deductions but excluding corporation tax and employers' NI contributions, and in each case rank for payment after the discharge of the ordinary preferential debts. As between one another, secondary preferential debts rank equally;
- **Fourth ranking**: holders of floating charge security to the extent of the realizations from those secured assets, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must be set aside for distribution to unsecured creditors;
- **Fifth ranking**:
    - firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. In the case of any unsecured

shortfall for secured creditors, the insolvency officeholder can only use realizations from unsecured assets and is not permitted to make a distribution from the Prescribed Part to such secured creditors unless the Prescribed Part is sufficient to first pay out all unsecured creditors;

- secondly, interest on the company's debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and
- thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid; and

- **Sixth Ranking**: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation (and provided that such terms do not contravene the Insolvency Act).

Prescribed Part

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of assets subject to floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations and subject to the exception for financial collateral arrangements) (the "Prescribed Part"). Under current law (the Prescribed Part was set by secondary legislation (the Insolvency Act (Prescribed Part) Order 2003)), this applies to 50% of the first £10,000 of net floating charge realizations and 20% of the remainder over £10,000, and the Prescribed Part is subject to a maximum aggregate ring-fenced fund cap of £600,000. The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors. The Prescribed Part will not be available for any shortfall claims of secured creditors.

The requirement for an administrator, liquidator or receiver (including administrative receiver) to set aside a prescribed part of the company's property which is subject to a floating charge, and make it available for unsecured creditors, will not apply to any charge created or otherwise arising under a financial collateral arrangement (as described in the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226).

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, any proofs of debt of a company payable in a currency other than pounds sterling must be converted by the officeholder into pounds sterling by reference to the exchange rates prevailing at the date when the company went into liquidation or administration (or where a liquidation was immediately preceded by an administration, the rate prevailing on the date that the company entered administration. If a creditor considers the rate to be unreasonable, they may apply to the court.

Security over assets (including shares)

Security (other than by way of legal mortgage) over assets granted by an English company (including shares of an English company) are, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the property. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Schemes of Arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise or arrangement between a company and its creditors (or any class of them), including secured creditors, or members (or any class of them) outside of a formal insolvency process.

An English company may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign company (potentially including a foreign Guarantor) which is liable to be wound up under the Insolvency Act and has a "sufficient connection" to England and Wales could also pursue a scheme (provided that, where the company has its COMI in another Member State, there is nothing in the Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (the "Recast Judgments Regulation") which would prevent the English court approving the scheme and, if the company is incorporated or has its COMI in another jurisdiction, the effect of the scheme will be recognized in that jurisdiction) . In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case. Provided that at least some of a foreign company's scheme creditors are domiciled in England, then the Recast Judgments Regulation has not, in the past, fettered the English court's powers to sanction a scheme. Whether the effect of the scheme will be recognized in the jurisdiction of a foreign company or a company with its COMI in a foreign jurisdiction will depend on the jurisdiction in question. The English court has previously sanctioned schemes where expert evidence was provided showing that the foreign jurisdiction would recognize the scheme in that jurisdiction (e.g. a large number of Member States (including Spain, Germany, France and Italy) and certain jurisdictions outside of the EU (such as the United States)). However, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not this test would be satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme will be considered (the "Sanction Hearing"), the proposed compromise or arrangement must be voted on by the affected creditors or members (the convening of which is approved by the court). The affected creditors or members will vote in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Classes must be comprised of those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their common interest. To proceed to the Sanction Hearing, the scheme must be approved by 75 percent in value and a majority in number of those present and voting in person or by proxy in respect of each class, irrespective of the terms and approval thresholds contained in the finance documents.

If approved by the requisite majorities at the scheme meetings, the scheme must then be considered by the court again at the Sanction Hearing, at which point the court will consider the fairness of scheme and whether it is reasonable. The court has the discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme. If sanctioned by the court, a scheme will be binding on each class of creditors (both secured and unsecured) and members including any dissenting or abstaining party.

Recharacterization of fixed security interests

There is a possibility that a court could find that security interests expressed to be fixed charges created by the security documents governed by English law properly take effect as floating charges – this is because the description given to them as fixed charges within the security document is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the company's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the holder of the security, in practice. Where a company is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. If a fixed security interest is recharacterized as a floating charge, this will, among other things, adversely impact the returns of the holder of the charge in an administration, liquidation or administrative receivership (see "*Priority on Insolvency*" above) and prevent the holder relying on that charge to appoint a receiver.

Financial Collateral Arrangements (No 2) Regulations 2003

The Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226) (the "Financial Collateral Regulations"), apply in respect of certain security interests granted over, and certain title transfer arrangements in, "financial collateral" (together financial collateral arrangements). Financial collateral is defined in the Financial Collateral Regulations as cash, financial instruments or credit claims. The definition of "financial instruments" includes shares in companies and debt instruments such as bonds and claims under loans made by credit institutions. The original primary purpose of the Financial Collateral Regulations was to implement Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ 2002 L168/43) in the UK. The purpose of that directive was to simplify the process of taking financial collateral across the European Union by introducing a minimum uniform legal framework.

If an arrangement qualifies as a financial collateral arrangement under the Financial Collateral Regulations certain modifications or exclusions to English insolvency law apply which remove restrictions on enforcing security, disapply provisions relating to the order of payment of creditors and prohibit avoidance by the insolvency office-holder of the financial collateral arrangement in certain situations. For example, security interests to which the Financial Collateral Regulations apply are not required to be registered as a registrable charge at Companies House, and are not subject to the statutory moratorium on enforcement of security that would otherwise apply when a company enters into administration proceedings and furthermore, the Financial Collateral Regulations enable the creditor holding the security interest to appropriate (i.e. to become the absolute legal owner of) the financial collateral to which the security interests applies without the need for a court order provided the security interests have become enforceable in accordance with their terms and provided the creditor has been granted the power to appropriate in the relevant contract.

Account banks' right to set-off

With respect to any English law charges over cash deposits (each an "Account Charge") granted by a company over any of its bank accounts, the banks with which some of those accounts are held (each an "Account Bank") may have reserved their right at any time (whether prior to or upon a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that English company. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will typically be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as typically would occur on enforcement or the occurrence of certain insolvency events with respect to an English company) the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights, since the Account Bank will only be entitled to exercise its netting and set-off rights while the bank accounts are subject only to floating security, except where account banks have expressly reserved set-off rights.

Ireland

The Issuer and a number of the Guarantors are incorporated under the laws of Ireland (such Guarantors together, the "Irish Guarantors"). Any insolvency proceedings applicable to any of them will be likely to be governed by Irish insolvency laws, although insolvency proceedings in respect of an Irish company could also be based in other jurisdictions under certain circumstances (see "—*Cross-Border Insolvency*" below). Irish insolvency laws differ from the insolvency laws of the United States and may make it more difficult for holders of the Notes to recover the amount in respect of the Notes or of the Guarantors' or an Irish Guarantor's Guarantee of the Notes than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Cross-Border Insolvency

The Issuer and the Irish Guarantors each have registered offices in Ireland. As a result there is a rebuttable presumption that their centre of main interest, for the purposes of any collective proceedings under Council Regulation EC No. 1346/2000 (the "European Union Insolvency Regulation"), is in Ireland and consequently it is likely that main insolvency proceedings applicable to such companies would be governed by Irish law. However, if any of the Issuer or the Irish Guarantors has its "centre of main interests" in a Member State of the European Union other than Ireland, then the main insolvency proceedings for that company may be opened in such other Member State and will be subject to the laws of that Member State.

Preferential Creditors

Under Section 621 of the Irish Companies Act 2014, as amended (the "2014 Act"), in a winding-up of an Irish company preferential debts are required to be paid in priority to all other debts other than those (a) in respect of any examiners fees and costs if sanctioned by the court pursuant to Section 554 of the 2014 Act or (b) secured by a fixed charge, or (c) in respect of the winding up costs pursuant to Section 617 of the 2014 Act.

The preferential debts will comprise, among other things, any amounts owed in respect of local rates and certain amounts owed to the Irish Revenue Commissioners for income/corporation/capital gains tax, VAT, PAYE, social security and pension scheme contributions and remuneration, salary and wages of employees and certain contractors and the expenses of liquidations and examinership (should either occur) of the Irish company.

Furthermore, in the case of the application of monies arising from the realization of secured assets that are subject to a floating charge, or in a winding up, the costs of the liquidation and the liquidator's fees will take priority over the claims of floating chargeholders in respect of relevant assets as will the remuneration, costs and expenses of an examiner (if any) appointed to the Irish company which have been sanctioned by the relevant Irish court as reasonable expenses properly incurred by such examiner in the course of the examinership (which may include borrowings incurred by an examiner during the period of examinership if the examiner seeks to have them sanctioned by the relevant Irish court under Section 554 of the 2014 Act.

As a result, if the assets of the relevant company available for the payment of general creditors are insufficient to pay the preferential debts, they are required to be paid out of the property subject to the floating charge. Under Section 440 of the 2014 Act, the holder of a floating charge, or a receiver appointed by such a holder, who takes possession of property subject to the floating charge when the company is not in the course of being wound up, is required to pay the preferential debts out of that property in priority to principal and interest secured by the floating charge.

In addition, there is a further limited category of super-preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super-preferential claims consist of the remuneration and costs incurred in respect of an examination (e.g. the examiners legal fees and other advisors fees) and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession. Any expenses properly incurred by the company in examinership, which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment, that have been certified by the examiner and approved by the Irish courts, will rank ahead of those of a floating charge holder (see—"*Examinership*" below). Finally, all claims in one category will receive full payment before any balance is distributed to the creditors in the next category. When proceeds are insufficient to meet the claims in one category in full, payments for that category are distributed on a pro rata basis.

Disclaimer of Onerous Property

Section 615 of the 2014 Act confers power on a liquidator, with leave of the court, at any time within twelve months after the commencement of the winding-up or such extended period as may be allowed by the court, to disclaim any property of the Irish company being wound up which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable by reason of its binding the possessor to the performance of any onerous act or to the payment of money. The liquidator's hand may be forced, in that any person interested in the property may require him to decide whether or not he will disclaim and if the liquidator wishes to disclaim in such circumstances, he must give notice within 28 days or such further period as may be allowed by the courts that he intends to apply to court to disclaim.

A liquidator must disclaim the whole of the property, he may not keep part and disclaim part. A disclaimer shall operate to determine as and from the date of the disclaimer the rights, interest and liabilities of the company in the contract or the property, but, the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer shall be deemed a creditor of the company to the amount of the damages, and may prove that amount as a debt in the winding-up.

The meaning given to an unprofitable contract is one that would involve the liquidator in some liability. There must be some "burden" associated with the contract; the mere fact that the insolvent company's estate would be better off by disclaimer is not enough.

Examinership

In addition, a court protection procedure, known as examinership, is available under the 2014 Act to facilitate the survival of a company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangement. Provided a company can demonstrate viability, and can satisfy certain tests, the High Court appoints an independent examiner whose function is to supervise the restructuring process. During the protection period the examiner will formulate, in conjunction with the existing stakeholders and potential investors, proposals for a scheme of arrangement, which are presented to statutory meetings of all members and creditors and ultimately to the High Court for confirmation. The scheme will provide for the treatment of creditors claims in the restructuring, the adjustment of the rights of shareholders, and a structure for the investment underpinning the restructuring. Once confirmed by the High Court the scheme is binding on the company and all its members and creditors. During the protection period the day-to-day business of the company remains under the control of the directors of the company, subject to certain rights of the examiner to apply to the High Court.

If the Issuer or any Irish Guarantor is placed in examinership, you may not be able to enforce your rights under the Notes or any Guarantee of the Notes.

Protection Period

Where an examinership petition is presented in relation to a company, that company is deemed to be under the protection of the Court during the period beginning on presentation of the petition and ending 70 days later (which period may be extended by a further 30 days where the Court is satisfied that the examiner would not be able to present his report within 70 days, or by such further unlimited period as the Court may allow where the Court needs more time to consider the proposals contained in the examiner's final report). In the event of an appeal of the High Court's decision, the protection period is likely to be further extended in order to allow the determination of the appeal.

Effect of Appointment of Examiner

The effect of the appointment of an examiner is to suspend most of the rights of creditors for the protection period. For as long as a company is under the protection of the High Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner.

Section 520 of the 2014 Act provides, among other things:

(a) where any claim against the company is secured by a mortgage, charge, lien or other encumbrance or a pledge of, on or affecting the whole or any part of the property, effects or income of the Irish company, no action may be taken to realize the whole or any part of such security except with the consent of the examiner;

(b) no receiver over any part of the property or undertaking of the Irish company shall be appointed; and

(c) no proceedings for the winding up of the Irish company may be commenced or resolution for winding up passed in relation to the company in examinership and any resolution so passed shall have no effect.

No other proceedings in relation to the company may be commenced except by leave of the court and subject to such terms as it may impose. In addition, no payment may be made by a company during the period when it is under protection of the court by way of satisfaction or discharge of the whole or any part of a liability incurred by the company before the date of presentation of the petition for the appointment of the examiner, except in limited circumstances.

Repudiation of contracts

Under Section 537 of the 2014 Act ("Section 537"), where proposals for a compromise or scheme of arrangement are to be formulated in relation to a company, the company may, subject to the approval of the Court, affirm or repudiate any contract under which some element of performance other than payment remains to be rendered both by the company and the other contracting party/parties. Any person who suffers loss or damage as a result of such repudiation stands as an unsecured creditor for the amount of such loss or damage and is entitled to be treated as such in any scheme of arrangement as if the loss or damage constituted a pre-petition claim. Where the Court approves the affirmation or repudiation of a contract under Section 537, it may in giving such approval make such orders as its thinks fit for the purposes of giving full effect to its approval including orders as to notice to, or declaring the rights of, any party affected by such affirmation or repudiation.

Liability of Guarantors

The 2014 Act provides, inter alia, that no proceedings of any sort may be commenced against a guarantor in respect of the debts of the Irish company in examinership, while the company is in examinership. Post examinership guarantees can be enforced provided certain statutory provisions have been complied with.

Priority of Examiner Payments

The 2014 Act allows for the remuneration, costs and expenses of the examiner which have been sanctioned by an order of the court (other than the expenses that, by virtue of section 529 of the 2014 Act, are treated as expenses properly incurred by the examiner) to be paid prior to any other claims including secured claims. Section 529 of the 2014 Act provides that any liabilities incurred by a company in examinership which are certified by the examiner which have been incurred in circumstances where, in the opinion of the examiner, the survival of the company under court protection as a going concern during the period would otherwise be seriously prejudiced, shall be treated as expenses properly incurred for the purposes of Section 554 of the 2014 Act but will rank behind the claims of creditors secured by a mortgage, charge, lien or other encumbrance of a fixed nature or a pledge. Nonetheless, if the court sanctions borrowings by an examiner as part of the expenses of the examiner pursuant to Section 554 of the 2014 Act, such borrowings will rank ahead of the claims of both unsecured creditors and creditors secured by a floating charge of the company under court protection.

Improper Transfers/Fraudulent Preference

Under Section 608 (Power of the court to order the return of assets improperly transferred—liquidator) of the 2014 Act, Section 443 (Power of the court to order the return of assets improperly transferred—receiver) of the 2014 Act and Section 557 (Power of the court to order the return of assets improperly transferred—examiner) of the 2014 Act, if it can be shown on the application of a liquidator, creditor, contributory of a company, receiver or examiner (as applicable), to the satisfaction of the High Court, that any property of that company was disposed of (including a disposal by way of charge, security assignment, mortgage or in any way whatsoever and the effect of such a disposal was to "perpetrate a fraud" on the company, its creditors or members, the High Court may, if it deems it just and equitable to do so, order any person who appears to have "use, control or possession" of the property concerned, or of the proceeds of the sale or development of that property, to deliver it or them, or to pay a sum in respect of it to the liquidator, receiver or examiner (as applicable) on such terms as the High Court sees fit.

Section 604 (Unfair preference: effect of winding up on antecedent and other transactions) of the 2014 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against a company which is unable to pay its debts as they become due in favor of any creditor of the company or any person on trust for any such creditor, with a view to giving such creditor (or any surety or guarantor of the debt due to such creditor) a preference over the company's other creditors, shall be deemed to be an unfair preference of its creditors and be invalid accordingly if a winding up of the company commences within six months of the doing of the act and the company is, at the date of commencement of the winding up, unable to pay its debts (taking into account contingent and prospective liabilities).Where the conveyance, mortgage, delivery of goods, payment, execution or other act is in favor of a "connected person," the six month period is extended to two years and the act in question shall be deemed, if the Company is being wound up and is, at the time that the winding up commences, unable to pay its debts, to have been done with a view to giving the connected person a preference over the Company's other creditors, to be an unfair preference, and to be invalid. Consequently, the burden of proof is on the connected person to show that any such act was not an unfair preference.

Corporate Benefit

We believe that in the case of the Guarantees given by the Irish Guarantors, these will be given in good faith for the purposes of carrying on each of their businesses and that there will be reasonable grounds for believing that they would benefit each such Irish Guarantor. There can be no assurance, however, that the provision of the Guarantees by the Irish Guarantors will not be challenged by a liquidator, on the basis that the Irish Guarantors did not receive any benefit, or that a court would support this analysis.

If the corporate benefit requirement is not met, (a) the directors of the company may be held liable by the company for negligence in the management of the company; or (b) the validity of the guarantees could be open to challenge.

Financial Assistance

The Notes may only be guaranteed by the relevant Irish company to the extent that it would not result in such guarantee constituting the giving of unlawful financial assistance under Section 82 of the 2016 Act.

Recharacterization of a Fixed Charge

It is open to a court to find that assignments and charges described as fixed charges constitute floating charges rather than fixed charges, the description given to them as fixed charges not being determinative and no opinion is expressed on whether security interests created by a security document are fixed charges or floating charges. One of the three characteristics of a floating charge is the ability of the chargor to carry on business in the ordinary way so far as concerns the particular class of assets in question until some further step is taken by or on behalf of the chargee. Where the chargor is free to deal with the assets, which form the subject matter of the charge, without the consent of the chargee, or the chargee does not exercise the requisite degree of control over the assets, or the proceeds of such assets, the court would be likely to hold that the charge in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. Irish case law has interpreted the requisite level of control to a high standard. To the extent that any of the secured assets are not specifically identified a court may hold that such assets which are expressed to be subject to a fixed charge may in fact be subject to a floating charge. It should be noted that insofar as any of the security documents purport to create fixed security over future assets the asset must either be identified as at the date of execution of the security documents or identifiable as falling within the security purported to be created thereby.

A floating charge is more vulnerable than a fixed charge both to being set aside in a winding-up and to losing its priority to other rights and interests.

Moreover, amounts received in a winding-up or receivership by realizing assets subject to a floating charge must first be used to pay certain preferential debts (see "*Preferential Creditor*s" above).

The effectiveness of any crystallization clause in the security documents is unclear although it has been held by the Supreme Court that a crystallization notice served by the chargee was valid to crystallize the floating charge and that the floating charge had become a fixed charge and, as such, ranked ahead of preferential creditors and pari passu with other fixed security over the chargor's assets. The service of any such notice of crystallization should, to be effective, occur immediately prior to enforcement or be accompanied by restrictions on the use of the charged asset consisted with a fixed charge.

Limitations on Enforcement of Security

A fixed charge on book debts is subject to the provisions of Section 1001 Taxes Consolidation Act 1997 which provides *inter alia* that on receipt of a notice from the Revenue Commissioners that the chargor is in arrears on its PAYE (pay-as-you-earn), VAT (value added tax), PRSI (pay-related social insurance) or LPT (local property tax) payments, the holder of the fixed charge must thereafter pay all sums it receives from the chargor to the Revenue Commissioners until the arrears (and any further arrears which accrue) of PAYE, VAT, PRSI or LPT payments (as the case may be) have been discharged in full. However, if within 21 days of execution of the charge, the Revenue Commissioners receive notice of the prescribed details of the fixed charge over book debts, then payments to the Revenue Commission will be limited to any arrears accruing after the date of such notice.

Monies held in a bank account of the Company could, notwithstanding any charge or right of set-off over such account being held by the Security Agent, be subject to Section 1002 of the Taxes Consolidation Act 1997 which provides *inter alia* that on receipt of a notice from the Revenue Commissioners that a taxpayer is in arrears in the discharge of any tax, interest or penalty, a person owing money to the taxpayer (including, without limitation, a bank holding monies of the taxpayer) must pay such monies to the Revenue Commissioners.

On a disposal of any secured assets on an enforcement of the security created pursuant to the security documents, the Security Agent may be required to pay any capital gains tax owed in respect of those assets in priority to the debts secured by such assets.

Failure to register the particulars of the security documents and any other requisite documents in the Companies Registration Office within 21 days of the date of creation of the security in accordance with the 2014 Act will render the relevant charge void as against any liquidator or creditor of the Company.

To the extent that the legal title (as distinct from the beneficial title) to any of the secured assets is not held by the Company, then the legal title will not be subject to the security created by the Security Documents.

Jersey

Insolvency

eircom Limited (Jersey), which is one of the Guarantors, is incorporated under the laws of Jersey. Consequently, in the event of an insolvency of eircom Limited (Jersey), insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: *désastre* and winding up (including just and equitable winding up and creditors' winding up). The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "Jersey Bankruptcy Law") declaring the property of a debtor to be "*en désastre*" (a "declaration"). On a declaration of *désastre*, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "Viscount"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the debt. With effect from the date of declaration, a secured party may, however, without the consent of the Viscount and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "2012 Law"). To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the property or person of the debtor, and may not commence any legal proceedings or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the balance of the debt.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding-up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law"). On a creditors' winding up, a liquidator is nominated by the shareholders. The creditors may approve such a liquidator or apply to appoint a different liquidator. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The shareholders must give creditors 14 days' notice of the meeting to commence the creditors' winding up. After the commencement of the creditors' winding up, a secured party may, however, without the sanction of a liquidator and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the 2012 Law. To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the company without the leave of the court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (*inter alia*) three quarters in number and value of the creditors acceded to the arrangement.

Transactions at an Undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up, a procedure which is instigated by shareholders not creditors), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "other party") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preferences

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "other party"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate Transactions, Onerous Property, Disclaimer and Customary Law Fraudulent Dispositions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of "*désastre*" and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the rights, interests and liabilities of the company/debtor in or in respect of the property disclaimed and discharges the company/Viscount from all liability in respect of the property as of the date of the commencement of the creditors' winding up/from the date of the declaration but shall not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person. A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the *désastre* or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Enforcement of Security and Security in Insolvency

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside Jersey, but to the extent that any floating charge or other security interest governed by a foreign law is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge or other security interest is not likely to be held valid and enforceable by the Courts of Jersey in respect of Jersey situs assets.

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Courts of Jersey may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

However, the Jersey court may, under Article 49(1) of the Jersey Bankruptcy Law assist the courts of prescribed countries and territories and, applying general principles of comity assist the courts in other jurisdictions, in all matters relating to the insolvency of any person to the extent that the Jersey court thinks fit. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If insolvency proceedings have been commenced in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

In the case of both statutory and non-statutory requests for assistance, it should not be assumed that the UNCITRAL provisions will automatically be followed. That is a matter for the discretion of the Royal Court. It would also be wrong to assume that the position reached by the Royal Court, in its discretion, will be in accordance with EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of centre of main interests does not apply as a result.

Enforcement of a security interest against a Jersey company may be further limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or affecting the rights of creditors, and laws in relation to transactions at undervalue, preference, extortionate credit transactions, disclaimer of onerous property and fraudulent dispositions also apply in Jersey.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of Jersey law. The Jersey situs assets of the Issuer and certain other Obligors will be secured pursuant to Jersey law governed security interest agreements. The 2012 Law provides that a secured party may enforce security over intangible movable assets by way of sale or appropriation of the collateral or proceeds. In addition, a secured party may take certain ancillary actions, including any bespoke enforcement powers included in a security agreement, to the extent not in conflict with the 2012 Law. More than one enforcement option can be taken, and taking one or more of the enforcement options specified above does not preclude the exercise of other rights of a secured party. The power of enforcement is exercisable once an event of default has occurred and written notice specifying the event of default has been served on the grantor by the secured party. If enforcement is by way of sale or appropriation, the secured party must give the grantor 14 days' prior written notice. Importantly, the grantor may agree in writing to waive its right to notice of appropriation or sale and it is usual to include such a waiver in the security agreement. The secured party is obliged on sale or appropriation, to give at least 14 days' prior written notice to: (i) any person who, 21 days before the sale or appropriation, has a registered security interest in the collateral; and (ii) any person other than the grantor who has an interest in the collateral and has, not less than 21 days before the sale or appropriation, given the secured party notice of that interest unless, in each case, the secured party and such person have otherwise agreed in writing. There are specific carve-outs from the obligation to give notice of sale. On exercising the power of enforcement by appropriation or sale, the secured party must: (i) take all commercially reasonable steps to determine or, in the case of a sale, obtain the fair market value of the collateral, as at the time of the relevant appropriation or sale; (ii) act in a commercially reasonable manner in relation to the appropriation or sale; and (iii) (in the case of a sale only) enter into any agreement for or in relation to the sale only on commercially reasonable terms. The duty of the secured party is owed to the grantor and also to any other person to whom the secured party was required to give notice of sale or appropriation (whether or not they have agreed in writing to waive the notice requirements). If, in exercising its powers of enforcement, a secured party appropriates or sells collateral, it must, within 14 days after the day on which the collateral is appropriated or sold, give certain persons (being the grantor (subject to it having waived this requirement), any person with a registered subordinate security interest and certain persons claiming an interest in the collateral) a written statement of account setting out certain information in relation to that appropriation or sale. If a secured party has sold or appropriated the collateral and the net value or proceeds of appropriation or sale (as appropriate) of the collateral exceeds the amount of the debt owed to the secured party, the secured party shall pay the amount of any resulting surplus in the following order: (i) in payment, in due order of priority, to any person who has a subordinate security interest in the collateral and has registered a financing statement over that security interest (where the registration remained effective immediately before the appropriation or sale); (ii) in payment to any other person (other than the grantor) who has given the secured party notice that that person claims an interest in the collateral and in respect of which the secured party is satisfied that that person has a legally enforceable interest in the collateral; and (iii) as to the balance (if any) in payment to the relevant debtor grantor. Alternatively, the secured party may discharge its obligation above with respect to any surplus by paying that amount into the Royal Court. The surplus may then only be paid out on the order of the court on application by a person entitled to the surplus.

Luxembourg

Luxembourg insolvency proceedings

Under Luxembourg insolvency laws, the following types of proceedings (together referred to as Insolvency Proceedings) may be opened against any of the Guarantors being incorporated in Luxembourg (being, at the date of this offering memorandum, Eircom Finco S.à r.l.) (the "Luxembourg Obligor") to the extent that such Luxembourg Obligor has its principal establishment (*établissement principal*) or its centre of main interests (*centre des intérêts principaux*) (for the purposes of the EU Insolvency Regulation) in Luxembourg:

- bankruptcy proceedings (*faillite*);
- controlled management proceedings (*gestion contrôlée*); and
- composition proceedings (*concordat préventif de la faillite*).

In addition to these proceedings, the ability of the holders of Notes to receive payment under the Notes may be affected by a decision of the Luxembourg District Court sitting in commercial matters (*Tribunal* *d'arrondissement siégeant en matière commerciale*) granting suspension of payments (*sursis de paiements*) or putting the Luxembourg Obligor into judicial liquidation (*liquidation judiciaire*).

Bankruptcy (faillite)

General administration of bankruptcy proceedings

The opening of bankruptcy proceedings may be requested by the Luxembourg Obligor or by any of its creditors. Following such a request, the Commercial District Court having jurisdiction may open bankruptcy proceedings in the event that the Luxembourg Obligor (a) has ceased to make payments (*cessation de paiements*) (meaning that the Luxembourg Obligor does not pay its debts as they fall due) and (b) has lost its commercial creditworthiness (*ébranlement de crédit*) (meaning that the Luxembourg Obligor no longer has the ability to obtain financing at normal commercial terms). If the Commercial District Court considers that these conditions are met, it may open bankruptcy proceedings on its own motion, absent a request made by the Luxembourg Obligor or a creditor.

If the Commercial District Court declares a company bankrupt, it will appoint one or more bankruptcy receivers (*curateur(s)*), depending on the complexity of the proceedings and a supervisory judge (*juge-commissaire*) to supervise the bankruptcy proceedings.

The period within which creditors must file their proof of claims (*déclaration de créance*) is specified in the judgment adjudicating the company bankrupt. Claims filed after such period may nevertheless be taken into account by the bankruptcy receiver subject to certain limitations as to distributable proceeds.

The bankruptcy receiver takes over the management and control of the company in place of the directors or the managers. The bankruptcy receiver will realize the company's assets and distribute the proceeds to the company's creditors in accordance with the statutory order of payment and, if there are any funds left, to the bankrupt company's shareholders. The bankruptcy receiver represents the company as well as the creditors collectively (*masse des créanciers*).

The bankruptcy receiver will need to obtain of the Commercial District Court permission for certain acts, such as agreeing to a settlement of claims or deciding to pursue the business of the company during the bankruptcy proceedings.

Bankruptcy is a matter of public policy, which generally delays the process and limits restructuring options of the group to which the bankrupt company belongs.

On closing of the bankruptcy proceedings, the bankrupt company will normally be dissolved.

Effects of bankruptcy proceedings

The main effect of bankruptcy proceedings is the suspension of all measures of enforcement against the Luxembourg Obligor, except, subject to certain limited exceptions, for secured creditors, and the payment of creditors in accordance with their rank upon the realization of the assets of the Luxembourg Obligor.

As from the judgment declaring the Luxembourg Obligor bankrupt, outstanding debts of the Luxembourg Obligor (which are not yet due) are accelerated and the creditors of the Luxembourg Obligor can file their proof of claims with the Luxembourg District Court sitting in commercial matters.

In principle, contracts of the bankrupt company are not automatically terminated on commencement of bankruptcy proceedings, save for contracts for which the identity or solvency of the company was crucial (intuitu personae agreements) for the other party. However, certain contracts are terminated automatically by law, such as employment contracts, unless expressly confirmed by the receiver. Contractual provisions purporting to terminate a contract upon bankruptcy or the initiation of bankruptcy proceedings are generally held as being valid. The receiver may choose to terminate contracts of the company subject to the obligations that the Luxembourg Obligor may have to perform first its obligations (rule of "*exceptio non adimpleti contractus*") and the creditors' interest.

Unsecured claims will, in the event of a liquidation of the Luxembourg Obligor, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- salaries, wages, and indemnities owed to employees resulting from the execution or the termination of an employment contract.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors of the Luxembourg Obligor (except after enforcement and to the extent a surplus is realized and subject to application of the relevant priority rules, liens and privileges arising mandatorily by law). During insolvency proceedings, all enforcement measures by unsecured creditors of the Luxembourg Obligor are suspended.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the Luxembourg Obligor during the pre-bankruptcy hardening period (*période suspecte*) which is a period of a maximum of six months (and ten days depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the Commercial District Court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg code of commerce, some transactions (in particular, the granting of a security interest for antecedent debts); the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange (unless, arguably, that method of payment was agreed from inception); transactions without consideration or with substantially inadequate consideration entered into during the suspect period (or the ten days preceding it)) are null and void by operation of law;
- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to setting aside by the Commercial District Court upon proceedings initiated by the bankruptcy receiver, if they were concluded with the knowledge of the bankrupt's cessation of payments; and
- pursuant to article 448 of the Luxembourg code of commerce and article 1167 of the Luxembourg civil code (*action paulienne*), the bankruptcy receiver (acting on behalf of the creditors) has the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

The Luxembourg Law of August 5, 2005 on collateral arrangements, (as amended, the Collateral Act 2005) provides that with the exception of the provisions of the Luxembourg law of January 8, 2013 on over-indebtedness (*surendettement*) (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Commercial Code, the provisions of Book III of the Luxembourg Commercial Code and the national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares of Luxembourg private or public limited companies or receivables) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of the Luxembourg Obligor (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

Controlled management proceedings (gestion contrôlée)

General administration of controlled management proceedings

A company, which has lost its commercial creditworthiness (*ébranlement de crédit*) or which is not in a position to completely fulfill its obligations, can apply for the regime of controlled management in order either (i) to restructure its business or (ii) to realize its assets in good conditions. An application for controlled management can only be made by the company.

The loss of commercial creditworthiness (*ébranlement de crédit*) is identical to the credit test applied in bankruptcy proceedings. As to the second criterion (that is, the case where a company is not in a position to completely fulfill its obligations), a broad view of the total situation of the company is taken. Controlled management proceedings are only available for good-faith debtor.

Controlled management proceedings are rarely used as they are not often successful and generally lead to bankruptcy proceedings. They are occasionally applied to companies, in particular holding or finance companies, which are part of an international group and whose inability to meet obligations results from a default of group companies.

The proceedings are divided into three steps:

- The company must file an application with the Commercial District Court. The Commercial District Court can reject the application because (i) the company has already been declared bankrupt or (ii) the evidence brought forward by the company does not ensure the stabilization and the normal exercise of the company's business or improve the realization of the company's assets in better conditions. If the application is upheld at this stage, the Commercial District Court will appoint an investigating judge (*juge délégué*) to make a report on the overall situation of the company.
- Once the investigating judge has delivered a report, the Commercial District Court may (i) turn down the application on the ground that the proposals made by the applicant are unlikely to lead to the reorganization of the business or the realization of the assets in better conditions or (ii) appoint one or more administrators (*commissaires*) who will supervise the management of the assets of the company. If the Commercial District Court ascertains that the company is unable to pay its creditors (i.e. the company has ceased its payments (*cessation depaiements*)), it may set the date as from which the company will be deemed to have been in such situation. Such date may be set up to six months prior to the filing of application for controlled management proceedings. However, bankruptcy may only be declared if the two conditions for bankruptcy are met (cessation of payment (*cessation de paiements*) and loss of commercial creditworthiness (*ébranlement de credit*)), and if the application has been dismissed either before or after consideration of the report by the investigating judge or after the reorganization plan proposed by the administrators (*commissaires*) at the third step described below. The administrators will draw up the inventory of the assets as well as the financial situation of the company. They are also in charge of the annual accounts of the company. The administrators may also prescribe any act they consider to be in the interests of the applicant or its creditors. The administrators have to be convened to any meeting of the board of directors or of the board of managers (as applicable). They may attend all board meetings but have no voting rights. They have the right to convene such board meetings.
- The administrators will draft a reorganization plan in respect of the applicant's business or a plan for realization of the assets, within the deadlines set forth by the Commercial District Court. The plan shall equitably take into account all interests involved and will comply with the ranking of mortgages (*hypothèques*) and privileges (*privilèges*) as required by law, without taking into account any contractual clause regarding termination, penalties or acceleration. The administrators will notify the draft plan to the creditors, joint debtors and guarantors. Within fifteen days of such notification or publication, the creditors will inform the Commercial District Court whether they agree or object to the draft plan. Any creditor who abstains will be considered as having adhered to the plan. The creditors, the company, the joint debtors and the guarantors may submit written observations to the Commercial District Court. The Commercial District Court may (i) approve the plan if a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed thereto or (ii) disagree with the plan proposed by the administrators even though a majority of the creditors representing, via their claims which have not been challenged by the administrators, at least half of the company's liabilities have agreed to such plan, in which case the application for controlled management will be dismissed or (iii) ask the administrators to propose an amended plan (such amended plan will have to be submitted again to the creditors). The judgment approving the plan will be binding upon the company and its creditors, joint debtors and guarantors. The fees of the administrators will be fixed by the Commercial District Court and will be borne by the company. The administrators who at the same time are creditors of the applicant are not entitled to any fees.

Effects of controlled management proceedings

As from the day of the appointment of the investigating judge and up to the final decision on the application for controlled management, any subsequent enforcement proceedings or acts, even if initiated by privileged creditors (including creditors who have the benefit of pledges (*gages*) and mortgages (*hypothèques*)) are stayed, save as provided for by the Collateral Act 2005. The company may not enter into any act of disposition, mortgage or contract or accept any movable asset without the authorization of the investigating judge.

Once the administrators have been appointed, the company may not carry out any act (including receiving funds, lending money, granting any security, or making any payment) without the prior authorization of the administrators. The administrators may bring any action before the Commercial District Court in order to have any act made in violation of the legislation governing the controlled management or in fraud of the creditors' rights be set aside. Subject to the prior authorization of the Commercial District Court, they may bring an action (i) to have the directors, managers or the statutory auditor held liable or (ii) if the Commercial District Court has declared the company to be in cessation of payments, to have certain payments, set-offs (*compensations*) or security interests set aside (under certain conditions set forth in Articles 445 et seq. of the Luxembourg code of commerce).

Preventive composition proceedings (concordat préventif de la faillite)

General administration of preventive composition proceedings

A company may enter into preventive composition proceedings (*concordat préventif de la faillite*) in order to resolve its financial difficulties by entering into an agreement with its creditors, the purpose of which is to avoid bankruptcy.

Preventive composition proceedings may only be applied for by a company which is in financial difficulty. Similar to controlled management proceedings, the preventive composition proceedings are not available if the company has already been declared bankrupt by the Commercial District Court or if the company is acting in bad faith. The application for the composition proceedings can only be made by the company and must be supported by proposals of composition.

The Commercial District Court will delegate to a delegated judge (*juge délégué*) the duty to verify, and to prepare a report on, the situation of the company. Based on such report, the Commercial District Court will decide whether or not to pursue the preventive composition proceedings. If the Commercial District Court considers that the procedure should not be pursued, it will in the same judgment declare the bankruptcy of the company (which bankruptcy may also be declared during the composition proceedings if the conditions for the composition proceedings are not met). If the Commercial District Court considers that the procedure may be pursued, it will set the place, date and hour of a meeting (*assemblée concordataire*) at which the creditors will be convened. The delegated judge will make its report at the *assemblée concordataire.*

The composition may only be adopted if a majority of the creditors representing, by their unchallenged claims, three-quarters of the company's debt, has adhered to the proposal and if the composition has been approved by the Commercial District Court. Creditors benefiting from mortgages (*hypothèques*), privileges (*privilèges*) or pledges (gages) only have a deliberating voice in the operations of the concordat, if they renounce the benefit of their mortgages, privileges or pledges. The vote in favor of the concordat entails renunciation. The renunciation may be limited by the secured creditors to only a portion (but representing at least 50% in value) of their claims with corresponding voting rights.

The composition has no effect on the claims secured by a mortgage, a privilege or a pledge and on claims by the tax authorities. If the application results in a composition arrangement sanctioned by the Commercial District Court, the composition could still either be annulled (if it has not been executed) or terminated (in case of fraud or bad faith of the company). In such scenarios, the Commercial District Court may adjudicate the company bankrupt. The bankruptcy judgment can decide to set the date of cessation of payment to the date of the application for the preventive composition proceedings. If that date is less than six months prior to the bankruptcy judgment, the court can of course set the cessation of payment date at six months prior to its judgment.

Preventive composition proceedings are rarely used in practice since they are not binding upon secured creditors.

Effects of composition proceedings

The company's business activities continue during the preventive composition proceedings. While the composition is being negotiated, the company may not dispose of, or grant any security over, any assets without the approval of the delegated judge. Once the composition has been agreed by the Commercial District Court, this restriction is lifted. However, the company's business activities will still be supervised by the delegated judge.

Unsecured creditors may not take action against the company to recover their claims while the composition is being negotiated. Secured creditors who do not participate in the composition proceedings may take action against the company to recover their claims and to enforce their security. Security interests governed by the Collateral Act 2005 are not affected by composition proceedings. Fraudulent transactions which took place before the date on which the Commercial District Court commenced preventive composition proceedings may be set aside (please see the bankruptcy proceedings section above).

Suspension of payments proceedings (sursis de paiements)

General administration of a suspension of payments proceedings

A suspension of payments (*sursis de paiements*) for commercial companies is different from the *sursis de paiement* proceedings available to banks and insurance companies. It can only be applied to a company which, as a result of extraordinary and unforeseeable events, has to temporarily cease its payments but which has on the basis of its statement of financial position sufficient assets to pay all amounts due to its creditors. The suspension of payments may also be granted if the situation of the applicant, even though showing a loss, presents serious elements of reestablishment of the balance between its assets and its debts.

The purpose of the suspension of payments proceedings is to allow a business undertaking experiencing financial difficulties to suspend its payments for a limited time after a complex proceeding involving both the Commercial District Court and the *Cour* supérieure de justice and the approval by a majority of the creditors representing, by their claims, three quarters of the company's debts (excluding claims secured by privilege (*privilège*), mortgage (*hypothèque*) or pledge (*gage*)).

The suspension of payments is, however, not for general application, which is one of the main reasons it has lost its attractiveness. It only applies to those liabilities which have been assumed by the debtor prior to obtaining the suspension of payment and has no effect as far as taxes and other public charges or secured claims (by right of privilege, a mortgage or a pledge) are concerned.

Effects of suspension of payments proceedings

During the suspension of payments, ordinary creditors cannot open enforcement proceedings against the debtor or the debtor's assets. This stay on enforcement does not extend to preferred creditors, or to creditors which are secured by mortgages (*hypothèques*), pledges (*gages*) or financial collateral arrangements governed by the Collateral Act 2005. The debtor continues to manage its own business under the supervision of a court-appointed administrator who must approve most of the transactions carried out by the debtor.

When a suspension of payments ends, the stay on enforcement is terminated and the debtor's directors can run the business again.

Judicial liquidation (liquidation judiciaire)

Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious violation of the Luxembourg commercial code or of the Luxembourg law dated August 10, 1915 on commercial companies, as amended (the Companies Act 1915).

Based on case law the management of such judicial liquidation proceedings generally follows similar rules as those applicable to bankruptcy proceedings, even though there can be no absolute certainty in this respect.

Effects of opening of Luxembourg insolvency proceedings on security interests governed by the Collateral Act 2005

The Collateral Act 2005 expressly provides that financial collateral arrangements (including pledges) including enforcement measures are valid and enforceable against third parties including supervisors, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting anyone of the parties.

Limitation on enforcement of security interests

According to Luxembourg conflict of laws rules, the courts in Luxembourg will generally apply the *lex rei sitae* or *lex situs* (the law of the place where the assets or subject matter of the security interests (such as a pledge) are situated) in relation to the creation, perfection and enforcement of security interests over such assets.

As a consequence, Luxembourg law will apply in relation to the creation, perfection and enforcement of pledges over assets located or deemed to be located in Luxembourg, such as registered shares in Luxembourg companies, bank accounts held with a Luxembourg financial institution, receivables/claims governed by Luxembourg law and/or having debtors located in Luxembourg, tangible assets located in Luxembourg, securities which are held through an account located in Luxembourg, bearer securities physically located in Luxembourg, etc.

The Collateral Act 2005 governs the creation, validity, perfection and enforcement of pledges over shares (such as registered shares in Luxembourg companies or bearer shares physically located in Luxembourg), bank accounts and receivables located or deemed to be located in Luxembourg. Under the Collateral Act 2005, the perfection of pledges depends on certain registration, notification and acceptance requirements. A share pledge over registered shares in a Luxembourg company must be (i) acknowledged and accepted by the company which has issued the shares (subject to the pledge) and/or (ii) registered in the shareholders' register of such company. If future shares are pledged, the perfection of such pledge will require additional notification to such company and/or registration in the shareholders' register of such company. A pledge under a receivables pledge agreement will be validly created and perfected provided that the pledge under such receivables pledge agreement is executed by the parties thereto. However, if the debtor has not been notified of such receivables pledge or if it did not otherwise acquire knowledge of the pledge, it will be validly discharged of its obligations if it pays the pledgor. A bank account pledge agreement must be notified to and accepted by the account bank so as to ensure that the account bank has waived any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, such additional notification to, acceptance and waiver by the account bank will be required. Article 11 of the Collateral Act 2005 sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited to:

- appropriation by the pledgee or appropriation by a third party of the pledged assets at a value determined in accordance with a valuation method agreed upon by the parties;
- sell or cause the sale of the pledged assets (i) in a private transaction at normal commercial terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange (if listed shares) or (iii) by way of a public auction;
- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Collateral Act 2005 does not provide any specific time periods and depending on (i) the method chosen, (ii) the valuation of the pledged assets, (iii) any possible recourses, and (iv) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the pledges might be substantially delayed.

The Collateral Act 2005 expressly provides that financial collateral arrangements (including pledges and transfer of title by way of security) including enforcement measures are valid and enforceable against third parties including supervisory, receivers, liquidators and any other similar persons or bodies irrespective of any bankruptcy, liquidation or other situation, national or foreign, of composition with creditors or reorganization affecting any one of the parties.

Foreign law governed security interests and the powers of any receivers/administrators may not be enforceable or recognized in respect of assets located or deemed to be located in Luxembourg. Security interests/arrangements, which are not expressly recognized under Luxembourg law and the powers of any receivers/administrators might not be recognized or enforced by the Luxembourg courts, even over assets located outside of Luxembourg, in particular where the relevant Luxembourg security provider or Luxembourg guarantor becomes subject to Luxembourg insolvency proceedings or where the Luxembourg courts otherwise have jurisdiction because of the actual or deemed location of the relevant rights or assets, except if 'main insolvency proceedings' (as defined in the EU Insolvency Regulation) are opened under Luxembourg law and such security interests/arrangements constitute rights in rem over assets located in another Member State in which the EU Insolvency Regulation applies in accordance with article 7 of the EU Insolvency Regulation.

The perfection of the security interests created pursuant to pledge agreements does not prevent any third party creditor from seeking attachment or execution against the assets, which are subject to the security interests created under the pledge agreements, in an attempt to satisfy their unpaid claims against the pledgor. Such attachment or execution will, however, not affect the validity and/or enforceability of the security interests created under the pledge agreements as such attachment or execution will be inapplicable to such security interests.

Finally, the appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions. Generally, according to paragraph 2(4) of the Luxembourg Collateral Act 2005, a security (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, *provided* that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-a-vis third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

Limitation on the Luxembourg Obligor's Guarantee

The Companies Act 1915 does not specifically provide for rules governing the ability of the Luxembourg Obligor to guarantee the indebtedness of another entity of the same group. Within a group of companies, the corporate interest (*intérêt social*) of each individual corporate entity could, to a certain extent, be tempered by, and subordinated to, the interest of the group. The notion of interest of group is recognized neither by the Luxembourg law nor by published Luxembourg case law.

A reciprocal assistance from one group company to another does not necessarily conflict with the interest of the assisting company. However, this assistance must be temporary and in proportion with the real financial means of the assisting company. The Luxembourg Obligor may give a guarantee provided that the giving of the guarantee is covered by the company's corporate objects and is in the best interest of the company. The test regarding the Luxembourg Obligor's corporate interest is whether in providing the guarantee does the Luxembourg Obligor receive some (direct or indirect) consideration in return (such as an economic or commercial benefit) and whether the benefit is proportional to the burden of the assistance. A guarantee that substantially exceeds the guarantor company's ability to meet its obligations to the beneficiary of the guarantee and to its other creditors would expose its directors or managers (as applicable) to personal liability. Furthermore, under certain circumstances, the directors or managers (as applicable) of a Luxembourg company might incur criminal penalties based on the concept of misappropriation or misuse of corporate assets (article 1500-11 of the Companies Act 1915).

The Guarantees granted by the Luxembourg Obligor, for the obligations of a relevant obligor which is not a direct or indirect subsidiary of that Luxembourg Obligor, will be limited to a certain percentage of, among others, the relevant company's net worth as provided for in the Indenture.

The Guarantee, to the extent it is granted by the Luxembourg Obligor could, if submitted to a Luxembourg court, depending on the terms of such guarantee, possibly be construed by such court as a suretyship (*cautionnement*) and not a demand guarantee or an independent guarantee. Article 2012 of the Luxembourg Civil Code provides that the validity and the enforceability of a suretyship (which constitutes an accessory obligation) are subject to the validity of the underlying obligation. It follows that if the Notes were invalid or challenged, it cannot be excluded that the Luxembourg Obligor would be released from its liabilities under the Guarantee.

Northern Ireland

General

The laws relating to validity and enforceability of security are broadly the same as those in England and Wales but substantially different from those equivalent laws in Ireland.

Fixed versus floating charges

There are a number of ways in which fixed charge security created in an Northern Irish law governed security document has an advantage over floating charge security:

(a) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets;

(b) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security;

(c) there are particular challenge risks in relation to floating charge security; and

(d) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing.

Under Northern Irish law, there is a possibility that a court could find that the fixed security interests expressed to be fixed charges created by a security document could take effect as floating charges – this is because the description given to them as fixed charges within the security document is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the chargee has the requisite degree of control over the ability of the relevant chargor to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the holder of the security in practice. Where the chargor is free to deal with the assets that are subject of a purported fixed charge in its discretion without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a company organized under the laws of Ireland and some of the Guarantors are companies organized under the laws of Ireland, Jersey and Luxembourg. All of their directors and executive officers are non-residents of the United States, and substantially all of the Issuer's and the Guarantors' assets and those of such persons are located outside the United States. Although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of the courts of the State of New York, in each case in connection with any action under U.S. securities laws, you may not be able to effect service of process on such persons or the Issuer or the Guarantors within the United States in any action, including actions predicated on civil liability provisions of the U.S. federal and state securities laws or other laws.

England and Wales

The United States and United Kingdom currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated by way of an action on the judgment debt before a court of competent jurisdiction in England. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is stated below) and it would usually be possible to obtain summary judgment on such a claim (assuming that the defense to it has no real prospect of success and there is no other compelling reason for a trial). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy or statute;
- the U.S. judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice or in breach of the principles of the European Convention on Human Rights (to the extent applicable);
- judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;
- there not having been a prior inconsistent decision of an English court between the same parties; and
- the English enforcement proceedings being commenced within the relevant limitation period.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Nevertheless, there can be no assurance that those judgments will be recognized or enforceable in England. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

Ireland

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in Ireland. A judgment of the courts of the State of New York will be enforced by the courts of Ireland if the following general requirements are met:

- the courts of the State of New York must have had jurisdiction in relation to the particular defendant; according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and

- the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, Irish courts may refuse to enforce a judgment of the courts of the State of New York which meets the above requirements for one of the following reasons:

- if the judgment is not for a definite sum of money;
- if the judgment was obtained by fraud;
- the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland; or
- jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service Ireland or outside Ireland under Order 11 of the Superior Courts Rules.

Jersey

The following summary with respect to the enforceability of certain U.S. court judgments in Jersey is based upon advice provided to us by Jersey legal advisors. The United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in Jersey. In order to enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey. In such an action, a Jersey court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Jersey court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Jersey conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt or definite sum of money (although there are circumstances where non-money judgments may also be recognized);
- the recognition or enforcement of the U.S. judgment not contravening Jersey public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the United Kingdom Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983);
- the U.S. judgment not having been obtained by fraud or in breach of Jersey principles of natural justice or rights under the European Convention on Human Rights; and
- there not having been a prior inconsistent decision of a Jersey court in respect of the same matter.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, there can be no assurance that those judgments will be recognized or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. federal securities laws.

Luxembourg

Our Luxembourg counsel has advised us that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, a valid and enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. Notwithstanding, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (exequatur) by requesting enforcement of the U.S. judgment by the District Court (Tribunal d'Arrondissement) pursuant to Section 678 of the New Luxembourg Code of Civil Procedure. The District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. judgment is enforceable (*exécutoire*) in the United States;
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under applicable U.S. federal or state jurisdictions rules, and the jurisdiction of the U.S. court is recognized by Luxembourg private international and local law;
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts under the applicable conflict of law rules;
- the U.S. judgment does not contravene international public policy or order as understood under the laws of Luxembourg or has been given in proceedings of a criminal nature and tax nature;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. judgment was granted following proceedings where the counterparty had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, to present a defense; and
- the U.S. judgment was not granted pursuant to an evasion of Luxembourg law (*fraude à la loi luxembourgeoise*).

Subject to the above conditions, Luxembourg courts tend not to review the merits of a foreign judgment, although there is no statutory prohibition for such review. If an original action is brought in Luxembourg, Luxembourg courts may refuse to enforce any choice of law provisions if the application of such law would contravene, or is manifestly incompatible with, Luxembourg public policy. Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than euro. Notwithstanding, enforcement of the judgment against any party in Luxembourg would be available only in euro and for such purposes all claims or debts would be converted into euro. Even if a U.S. judgment is recognized in Luxembourg, it does not necessarily mean that it will be enforced in all circumstances. The obligations need to be of a specific kind and type for which an enforcement procedure exists under Luxembourg law. Also, if circumstances have arisen after the date at which such foreign judgment became legally effective and final, a defense against execution may arise. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditor's rights generally.

Moreover, a Luxembourg court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. In addition, it is doubtful whether a Luxembourg court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

AVAILABLE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information here;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, we will agree to furnish periodic information to the holders of relevant series of Notes. See "*Description of the Notes—Certain Covenants—Reports.*"

LISTING AND GENERAL INFORMATION

Listing Information

The Issuer will make an application to the Authority for the listing of the Notes on the Official List of The International Stock Exchange (the "Exchange") and permission to deal in the Notes thereon. For the period of at least 14 days from the date of admitting the Notes to the Official List of the Exchange and for as long as the rules and regulations of that exchange so require, copies of the following documents may be physically inspected and obtained at the registered office of the Issuer during normal business hours on any business day:

- the organizational documents of the Issuer;
- the financial statements included in this Offering Memorandum; and
- our most recent audited consolidated financial information and any interim financial information published by us.

Application may be made to the Authority to have the Notes removed from listing on the Official List of the Exchange, including, if necessary, to avoid any new withholding taxes in connection with the listing. The Issuer has appointed Carey Olsen Corporate Finance Limited as Listing Agent. The Issuer reserves the right to change this appointment.

Clearing information

The Notes are expected to be accepted for clearance through the facilities of Euroclear and Clearstream under common code . The ISIN for the Notes is .

General Information

Except as disclosed in this offering memorandum:

- there has been no material adverse change in the prospects of the Issuer since June 30, 2018, the most recent audited consolidated financial statements of the Issuer; and
- there has been no material adverse change in our financial or trading position or our prospects since the date of incorporation of the Issuer; and
- none of the Issuer or the Guarantors or any of their respective subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as the Issuer, the Guarantors and their respective subsidiaries are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer accepts responsibility for the information contained in this offering memorandum. The information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

Authorization

The creation and issuance of the Notes was authorized by the Board of Director of the Issuer on March 28, 2019. The Guarantees were authorized by resolution of the board of directors (or equivalent body), where applicable, and, where required, by the shareholders' meeting, of each of the Guarantors.

Corporate information

Issuer

The Issuer is a special purpose vehicle established for the purpose of financing and re-financing of assets and was incorporated in Ireland as a private limited company on February 28, 2013, registered number 524458, under the Companies Acts 1963-2012 (as amended) of Ireland (the "Companies Acts"). The registered office of the Issuer is 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland and its telephone number at that address is +353 1 671 4444.

The authorized share capital of the Issuer is €1,000,000 divided into 1,000,000 ordinary shares of par value EUR 1 each (the "Shares"). The Issuer has issued one Share, which is fully paid and is held by eircom Limited (Jersey).

Guarantors

The companies that are expected to become be Guarantors of the Notes have the following corporate information:

- eircom Holdings (Ireland) Limited (formerly known as Moceir Holdings (Ireland) Limited), a company incorporated under the laws of Ireland with registered number 512352 with registered office at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland;
- Eircom Finco S.à r.l. a private limited liability company (*société* à *responsabilité limitée*) incorporated under the laws of Luxembourg with registered number B168903 and with registered office at 4, rue du Fort Wallis, L—2714 Luxembourg;
- eircom Limited a company incorporated under the laws of Ireland with registered number 98789 and with registered office at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland;
- eircom Limited a company incorporated under the laws of Jersey with registration number 116389 and having its registered office at 22 Grenville Street, St. Helier, Jersey, JE4 8PX and having its principal place of business at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland;
- eircom (UK) Limited, a company incorporated under the laws of England and Wales with registered number 03478971 and with registered office at Davenport House 16 Pepper Street, Glengall Bridge, London E14 9RP;
- Irish Telecommunications Investments DAC a company incorporated under the laws of Ireland with registered number 81987 and with registered office at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland;
- Meteor Mobile Communications Limited a company incorporated under the laws of Ireland with registered number 282645 and with registered office at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland;
- Meteor Mobile Holdings Limited, a company incorporated under the laws of Ireland with registered number 325785 and with registered office at 2022 Bianconi Avenue, Citywest Business Campus, Dublin 24 D24 HX03, Ireland; and
- Meteor Ireland Holdings, LLC, a limited liability company formed under the laws of the State of Delaware with registered number 2919102 and with a registered agent's office at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA.

GLOSSARY

"ADSL" or "asymmetrical digital subscriber line"	an access technology that allows voice and high-speed data to be sent simultaneously over local exchange service copper facilities.
"ARO" or "Access Reference Offer"	details the wholesale offering of new access service to all access seekers (other operators).
"ARPU"	average revenue per user is a telecom industry metric generally calculated by dividing total revenue for a product group by the average number of subscribers during a period.
"ATM"	Asynchronous Transfer Mode; a high-speed, high-volume, packet-switching protocol which supplies bandwidth on demand and divides any signal (voice, date or video) into efficient, manageable packets for ultra-fast switching.
"B2B"	business to business.
"Broadband"	a descriptive term for evolving digital technologies that provide consumers with a packet-switched facility capable of supporting integrated access to voice, high-speed data service, video-demand services and interactive delivery services (typically at speeds greater than 512 kilobits per second).
"Business IP+"	An international protocol-based service that allows multi-site customers to build data networks between sites and is carried on a separate network from the public Internet and is therefore secure.
"Connected Society"	pervasive online communications allowing people to access information and services around the clock. This enables new approaches in education, health care, transportation, energy, and entertainment.
"CPI"	consumer price index.
"DSL"	digital subscriber line.
"FMC"	fixed/mobile convergence.
"FTTB"	Fiber to the Building.
"FTTC"	Fiber to the Cabinet.
"FTTH"	Fiber to the Home.
"Gbits/s," "Gbps" or "Gb/s"	Gigabits per second.
"GSM"	Global System for Mobile communications.
"IaaS"	Our cloud-based Infrastructure as a Service offering to our business customers.
"Interconnect"	the connection of one telecom operator's network to another.
"Internet of Things"	the network of physical objects that contain embedded technology to communicate and sense or interact with their internal or external environment.

"IP" or "Internet protocol"	the protocol for data transfer between computer systems that provides a basic packet delivery service.
"ISDN"	Integrated Services Digital Network. An international standard which enables high speed simultaneous transmission of voice and/or data over the public telecommunications network. An ISDN Basic Rate Access (BRA) consists of two channels; a Primary Rate Access (PRA) consists of 30 channels.
"ISP" or "Internet service provider"	a business providing Internet access.
"Kbits/s," "Kbps" and "Kb/s"	Kilobits per second.
"LLU"	Local loop unbundling, the regulatory process of allowing multiple telecommunications operators to use connections from the telephone exchange to the customer's premises, See also "*ULL*."
"M2M"	Mobile to mobile.
"Mast access"	a commercial service offered by mast owners to network operators facilitating installation on masts, of antennas, feeders and channel combining equipment.
"Mbps" or "Mb/s"	Megabits per second.
"MMS"	Multimedia Messaging Service.
"MNO"	Mobile network operator.
"MPLS"	Multi-Protocol Label Switching, an advanced protocol supporting virtual links within a data stream.
"MTR"	Mobile termination rates.
"MVNO"	Mobile virtual network operator.
"Narrowband"	a network or circuit capacity of less than 64 bit/s.
"NBP"	National Broadband Plan.
"net additions"	the combined impact on volumes of new sales less cessations.
"Next Generation Network"	a broad term that encompasses newer generation core and access network technologies with high capacities over which an operator is able to provide innovative services to its customers.
"NGA"	Our Next Generation Access fiber network.
"NRA"	National Roaming Agreement.
"Number portability"	the ability of a customer to transfer from one telecom operator to another and retain their original number.
"OAO" or "Other Authorized Operators"	an authorized operator (other than eir) which operates telecommunications systems.
"OTT"	Over-the-top applications.

"Packet switching"	the process of routing and transferring data by means of addressed packets, so that a channel is occupied during the transmission of the packet only, and upon completion of the transmission, the channel is made available for the transfer of other traffic packets.
"PPC"	Partial Private Circuit, a service consisting of the provision of capacity from a customer's premises to an operator's point of connection, whereby the operator's network will be physically and logically linked to our network.
"PSTN" or "public switched telephone network"	a telecommunications network usually accessed by telephones, key telephone systems, private branch exchange trunks and data arrangements. A PSTN line consists of a single access channel.
"PVR"	personal video recorder.
"RGU" or "Revenue Generating Unit"	a measure of the total number of services purchased to reflect customers purchasing more than one service.
"RIO"	Reference Interconnect Offer.
"SABB"	Standalone broadband, a service consisting of provision of broadband internet over a fixed access path where voice service is not provided by the same supplier.
"SIP"	Session Initiation Protocol, a communications protocol for signalling and controlling multimedia communication sessions.
"SMP" or "Significant Market Power"	is a classification on the basis of market analysis, they are assessed as being able to exert economic influence, alone or with others, that allows it to operate, to a considerable extent, independently of competitors, consumers or other users.
"SMS" or "short messaging service"	enables transmissions of alphanumeric messages of up to 160 characters among mobile subscribers on GSM and other digital mobile networks.
"Switched data services"	services that are used to transfer data between specific points in a network by means of electronic, optical or electromechanical routing of signals, including frame relay, asynchronous transfer mode, and packet switching.
"Traffic"	calls or other transmissions being sent and received over a communications network.
"Transit services"	conveyance services provided by a network between two points of interconnection. It is a service that links two networks that are not directly interconnected.
"Unbundled local loop"	under the provision of the regulations of the European Parliament and European Council on Unbundled Access to the Local Loop, we are obliged to provide unbundled local access services to other licensed operators.
"Virtual private network"	a switched network with special services such as abbreviated dialing.
VoBB" or "Voice over broadband"	voice services offered over broadband internet connections.

“VoIP” or “Voice over Internet Protocol”	a technology for the delivery of voice communications and multimedia sessions over private or public Internet Protocol (IP) networks.
“VoLTE” or “Voice over long-term evolution”	a technology specification that defines the standards and procedures for delivering voice communication and data over 4G LTE networks.
“VoWiFi” or “Voice over wi-fi”	a wi-fi based VoIP service.
“WACC”	Weighted average cost of capital.
“WBA”	Wholesale broadband access.
“White Label”	a wholesale service provided to switchless resellers where the service is delivered entirely on eir’s network and the reseller provides only customer functions such as sales, marketing and billing.
“WLR” or “Wholesale Line Rental”	a wholesale service that allows OAOs to resell eir’s access service and provide customers with a single bill for access and call services.

Index to Financial Statements

Any page references contained in the body of the financial statements that follow are based on the original versions of these financial statements that are reproduced here for the purposes of this offering memorandum.

eircom Holdings (Ireland) Limited

Consolidated Income Statement – unaudited
For the second quarter ended 31 December 2018

	31 Dec 2017	31 Dec 2018
	€m	€m
Revenue	318	**318**
Operating costs excluding amortisation, depreciation and exceptional items	(200)	**(182)**
Amortisation	(25)	**(23)**
Depreciation	(70)	**(70)**
Exceptional items	(16)	**(10)**
Profit on disposal of property, plant and equipment	—	**—**
Operating profit	7	**33**
Finance costs – net	(25)	**(25)**
Share of profit of joint venture	1	**6**
(Loss)/profit before tax	(17)	**14**
Income tax charge	—	**(3)**
(Loss)/profit for the period	(17)	**11**

eircom Holdings (Ireland) Limited

Consolidated Income Statement – unaudited
For the six-month period ended 31 December 2018

	Notes	31 Dec 2017	31 Dec 2018
		€m	€m
Revenue	3	630	**625**
Operating costs excluding amortisation, depreciation and exceptional items		(391)	**(355)**
Amortisation	3	(50)	**(45)**
Depreciation	3	(140)	**(140)**
Exceptional items	3, 4	(18)	**(10)**
Profit on disposal of property, plant and equipment		—	**—**
Operating profit	3	31	**75**
Finance costs – net	5	(50)	**(50)**
Share of profit of joint venture		3	**7**
(Loss)/profit before tax		(16)	**32**
Income tax charge	6	(1)	**(1)**
(Loss)/profit for the period		(17)	**31**

Group statement of comprehensive income – unaudited
For the six-month period ended 31 December 2018

	31 Dec 2017	31 Dec 2018
	€m	€m
(Loss)/profit for the financial period attributable to equity holders of the parent	(17)	**31**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Defined benefit pension scheme remeasurement gains/(losses):		
– Remeasurement gain/(loss) in period	14	**(24)**
– Tax on defined benefit pension scheme remeasurement (gains)/losses	(2)	**3**
	12	**(21)**
Items that may be reclassified subsequently to profit or loss		
Net changes in cash flow hedge reserve:		
– Fair value loss in period	(1)	**—**
– Transfer to income statement	(1)	**—**
	(2)	**—**
Other comprehensive income/(expense), net of tax	10	**(21)**
Total comprehensive (expense)/income for the financial period	(7)	**10**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated Balance Sheet – unaudited
As at 31 December 2018

	Notes	30 June 2018 €m	31 Dec 2018 €m
Assets			
Non-current assets			
Goodwill		212	**212**
Other intangible assets		312	**274**
Property, plant and equipment		1,400	**1,368**
Investment in joint venture		—	**—**
Deferred tax assets		2	**2**
Other assets		13	**13**
		1,939	**1,869**
Current assets			
Inventories		11	**19**
Trade and other receivables	7	195	**218**
Restricted cash		5	**23**
Cash and cash equivalents		197	**219**
		408	**479**
Total assets		2,347	**2,348**
Liabilities			
Non-current liabilities			
Borrowings	8	2,244	**2,248**
Derivative financial instruments		1	**1**
Trade and other payables		110	**109**
Deferred tax liabilities		63	**48**
Retirement benefit liability	9	23	**60**
Provisions for other liabilities and charges	10	104	**103**
		2,545	**2,569**
Current liabilities			
Derivative financial instruments		1	**1**
Trade and other payables		485	**453**
Current tax liabilities		3	**9**
Provisions for other liabilities and charges	10	37	**30**
		526	**493**
Total liabilities		3,071	**3,062**
Equity			
Equity share capital		—	**—**
Capital contribution		62	**62**
Cash flow hedging reserve		(2)	**(2)**
Retained loss		(784)	**(774)**
Total equity		(724)	**(714)**
Total liabilities and equity		2,347	**2,348**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the second quarter ended 31 December 2018

	Notes	31 Dec 2017	31 Dec 2018
		€m	€m
Cash flows from operating activities			
Cash generated from operations	11	123	**153**
Interest paid		(31)	**(30)**
Income tax paid		(4)	**(5)**
Net cash generated from operating activities		88	**118**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(66)	**(54)**
Purchase of intangible assets		(11)	**(5)**
Dividend received from joint arrangement		3	**7**
Restricted cash		—	**(9)**
Net cash used in investing activities		(74)	**(61)**
Cash flows from financing activities			
Dividends paid to equity shareholders		(1)	**—**
Net cash used in financing activities		(1)	**—**
Net increase in cash, cash equivalents and bank overdrafts		13	**57**
Cash, cash equivalents and bank overdrafts at beginning of period		119	**162**
Cash, cash equivalents and bank overdrafts at end of period		132	**219**

eircom Holdings (Ireland) Limited

Consolidated cash flow statement – unaudited
For the six-month period ended 31 December 2018

	Notes	31 Dec 2017	31 Dec 2018
		€m	€m
Cash flows from operating activities			
Cash generated from operations	11	198	**198**
Interest paid		(46)	**(44)**
Income tax paid		(4)	**(5)**
Net cash generated from operating activities		148	**149**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)		(139)	**(107)**
Purchase of intangible assets		(34)	**(9)**
Dividend received from joint arrangement		3	**7**
Restricted cash		13	**(18)**
Net cash used in investing activities		(157)	**(127)**
Cash flows from financing activities			
Dividends paid to equity shareholders		(1)	**—**
Net cash used in financing activities		(1)	**—**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(10)	**22**
Cash, cash equivalents and bank overdrafts at beginning of period		142	**197**
Cash, cash equivalents and bank overdrafts at end of period		132	**219**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Consolidated statement of changes in shareholders' equity – unaudited
For the six-month period ended 31 December 2018

	Equity share capital €m	Capital contribution €m	Cash flow hedging reserve €m	Retained loss €m	Total equity €m
Balance at 30 June 2017	**—**	**54**	**2**	**(958)**	**(902)**
Loss for the period	—	—	—	(17)	(17)
Defined benefit pension scheme remeasurement gain	—	—	—	14	14
Tax on defined benefit pension scheme remeasurement gain	—	—	—	(2)	(2)
Cash flow hedges:					
– Fair value loss in year	—	—	(1)	—	(1)
– Transfer to income statement	—	—	(1)	—	(1)
Total comprehensive expense	**—**	**—**	**(2)**	**(5)**	**(7)**
Capital contribution in respect of MIP equity value event	—	3	—	—	3
Dividends relating to equity shareholders	—	—	—	(1)	(1)
Balance at 31 December 2017	**—**	**57**	**—**	**(964)**	**(907)**
Balance at 30 June 2018	**—**	**62**	**(2)**	**(784)**	**(724)**
Profit for the period	—	—	—	**31**	**31**
Defined benefit pension scheme remeasurement loss	—	—	—	**(24)**	**(24)**
Tax on defined benefit pension scheme remeasurement loss	—	—	—	**3**	**3**
Total comprehensive income	**—**	**—**	**—**	**10**	**10**
Balance at 31 December 2018	**—**	**62**	**(2)**	**(774)**	**(714)**

The accompanying notes form an integral part of the condensed interim financial information.

eircom Holdings (Ireland) Limited

Selected notes to the condensed interim financial information – unaudited

1. General information

eircom Holdings (Ireland) Limited ("the company' or "EHIL") and its subsidiaries together ("the group" or "eircom Holdings (Ireland) Limited group" or "EHIL Group"), provide fixed line and mobile telecommunications services in Ireland.

This condensed consolidated interim financial information was approved for issue on 27 February 2019.

2. Basis of preparation

This financial information has been prepared to make available certain unaudited condensed consolidated financial information to the holders of the group's Senior Secured Notes. Accordingly, the group has not prepared this financial information in accordance with IAS 34 – "Interim Financial Information" and has not carried out an impairment review of the carrying value of goodwill and other non-current assets as at 31 December 2018. In addition, the group has prepared this financial information under the previous revenue recognition standards: 'IAS 18 Revenue', etc and will not be preparing financial information under IFRS 15, 'Revenue from Con tracts with Customers' until the year end 30 June 2019.

This condensed interim financial information has been prepared on the going concern basis, which assumes that eircom Holdings (Ireland) Limited will continue in operational existence for the foreseeable future.

The financial information, as at and for the period ended 31 December 2018, in respect of the group has been prepared using the same accounting policies as applied for the year ended 30 June 2018. For a more complete discussion of our significant accounting policies and other information, including our critical accounting judgements and estimates, this report should be read in conjunction with the financial statements of EHIL for the year ended 30 June 2018.

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main operating segments: fixed line and mobile.

The segment results for the six-month period ended 31 December 2018 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported* €m	Adjusted €m	Statutory* €m
Revenue	475	176	(17)	**634**	(9)	**625**
EBITDA**	241	38	—	**279**	(5)	**274**
Non-cash lease fair value credits	4	—	—	**4**	—	**4**
Non-cash pension charges	(8)	—	—	**(8)**	—	**(8)**
Amortisation	(35)	(10)	—	**(45)**	—	**(45)**
Depreciation	(124)	(14)	—	**(138)**	(2)	**(140)**
Exceptional items	(10)	—	—	**(10)**	—	**(10)**
Operating profit	**68**	**14**	**—**	82	**(7)**	75

The segment results for the six-month period ended 31 December 2017 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported* €m	Adjusted €m	Statutory* €m
Revenue	481	174	(17)	**638**	(8)	**630**
EBITDA**	220	27	—	**247**	(5)	**242**
Non-cash lease fair value credits	4	—	—	**4**	—	**4**
Non-cash pension charges	(7)	—	—	**(7)**	—	**(7)**
Amortisation	(39)	(11)	—	**(50)**	—	**(50)**
Depreciation	(127)	(15)	—	**(142)**	2	**(140)**
Exceptional items	(18)	—	—	**(18)**	—	**(18)**
Operating profit	**33**	**1**	**—**	**34**	**(3)**	**31**

* Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The statutory basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.

** EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash lease fair value credits, non-cash pension charges, exceptional items and profit on disposal of property, plant and equipment.

4. Exceptional items

	31 Dec 2017 €m	31 Dec 2018 €m
Restructuring programme costs	3	**1**
Management incentive plan	3	**—**
Transaction related and strategic review costs	12	**—**
Group re-organisation costs	—	**4**
Other exceptional costs	—	**5**
	18	**10**

The group has adopted an income statement format which seeks to highlight significant items within group results for the period. The group believe that this presentation provides additional analysis as it highlights significant or one-off items. Judgement is used by the group in assessing the particular items, which by virtue of their scale and nature are disclosed in the group income statement and related notes as exceptional items.

Restructuring programme costs

The group included an exceptional charge of €1 million for restructuring programme costs in respect of staff exits in the period ended 31 December 2018 (31 Dec 2017: €3 million). The exceptional charge of €1 million at 31 December 2018 (31 Dec 2017: €3 million) is an IAS 19 (Revised) defined benefit pension charge in relation to past service costs.

Management incentive plan

During the period ended 31 December 2017, the group recognised a charge of €3 million in its income statement, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the holding company, eircom Holdco S.A., to the group's employees, for which the group has no obligation to make any payment.

Transaction related and strategic review costs

The group recognised an exceptional charge of €12 million for costs incurred by the group, in connection with the acquisition by NJJ Telecom Europe ("NJJ"), alongside Iliad SA ("Iliad"), to acquire a major stake in the eir group, and for strategic review and other project related costs incurred in the period ended 31 December 2017.

Group re-organisation costs

The group included an exceptional charge of €4 million for re-organisation costs in the period ended 31 December 2018.

Other exceptional costs

The group recognised an exceptional charge of €5 million in respect of legal related matters in the period ended 31 December 2018.

5. Finance costs – net

	31 Dec 2017 €m	31 Dec 2018 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	46	**44**
Interest amortisation on non-current borrowings	3	**3**
Net interest cost on net pension liability	3	**1**
Amortisation of debt issue costs and debt modification fees	1	**1**
Other unwinding of discount	—	**1**
Amortisation of ‘Cash Flow Hedge Reserve’ derivatives	(1)	**—**
Fair value movements on derivatives not qualifying for hedge accounting	(2)	**—**
	50	**50**
(b) Finance income:		
Interest income	—	**—**
	—	**—**
Finance costs – net	50	**50**

6. Income tax credit

The tax on the group’s (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the (loss)/profit of the group as follows: -

	31 Dec 2017 €m	31 Dec 2018 €m
(Loss)/profit before tax	**(16)**	**32**
Tax calculated at Irish standard tax rate of 12.5%	**(2)**	**4**
Effects of:-		
Non-deductible expenses	**10**	**8**
Origination and reversal of temporary differences	**(6)**	**(10)**
Utilisation of losses carried forward	**(1)**	**(1)**
Tax charge for the period	**1**	**1**

7. Trade and other receivables

During the period ended 31 December 2018, the group recognised a provision for impaired receivables of €4 million (31 Dec 2017: €4 million), reversed provisions for impaired receivables of €Nil (31 Dec 2017: €Nil) and utilised provisions for impaired receivables of €3 million (31 Dec 2017: €5 million). The creation and reversal of provisions for impaired receivables have been included in “operating costs” in the income statement.

8. Borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below.

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
As at 31 Dec 2018					
Bank borrowings (Facility B)	**—**	**—**	**—**	**1,600**	**1,600**
Unamortised fair value difference on borrowings	**—**	**—**	**—**	**(36)**	**(36)**
Debt modification fees	**—**	**—**	**—**	**(10)**	**(10)**
	—	**—**	**—**	**1,554**	**1,554**
4.5% Senior Secured Notes due 2022	**—**	**—**	**700**	**—**	**700**
Debt issue costs	**—**	**—**	**(6)**	**—**	**(6)**
	—	**—**	**694**	**—**	**694**
	—	**—**	**694**	**1,554**	**2,248**
As at 30 June 2018					
Bank borrowings (Facility B)	—	—	—	1,600	1,600
Unamortised fair value difference on borrowings	—	—	—	(39)	(39)
Debt modification fees	—	—	—	(11)	(11)
	—	—	—	1,550	1,550
4.5% Senior Secured Notes due 2022	—	—	700	—	700
Debt issue costs	—	—	(6)	—	(6)
	—	—	694	—	694
	—	—	694	1,550	2,244

At 31 December 2018, the group has Senior Bank borrowings of €1,600 million with a maturity date of 19 April 2024 and 4.5% Senior Secured Notes of €700 million with a maturity date of 31 May 2022.

The borrowings under the Senior Facilities Agreement were recognised initially in accordance with IAS 39 at their fair value on the date of recognition, 11 June 2012, which was estimated to be 77% of the par value of the liability. The difference between the fair value on initial recognition and the amount that was payable on the maturity date is being amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39. The remaining unamortised amount at 31 December 2018 was €36 million.

Interest accrued on borrowings at 31 December 2018 is €6 million (30 June 2018: €6 million). This is included in trade and other payables.

9. Pensions

The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature. The group undertakes a full review of the retirement benefit liability at each quarter end in accordance with IAS 19 (Revised). The balance sheet presented as at 31 December 2018 reflects the IAS 19 (Revised) deficit of €60 million as at 31 December 2018.

Pension scheme obligation

The status of the principal scheme at 31 December 2018 is as follows:

	30 June 2018 €m	31 Dec 2018 €m
Present value of funded obligations	4,311	**4,243**
Fair value of scheme assets	(4,288)	**(4,183)**
Liability recognised in the Balance Sheet	23	**60**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2018	At 31 Dec 2018
Rate of increase in salaries	1.65%	1.50%
Rate of increase in pensions in payment	1.65%	1.50%
Discount rate	2.10%	2.05%
Inflation assumption	1.85%	1.70%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	87 years	87 years
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old female	89 years	89 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old male	90 years	90 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old female	91 years	91 years

The above assumptions reflect the imposition of a cap on the increases in pensionable pay to the lower of CPI, salary inflation or agreed fixed annual rates.

10. Provisions for other liabilities and charges

	TIS Annuity Scheme €m	Restructuring Costs €m	Onerous Contracts €m	Asset Retirement Obligations €m	Deferred consideration €m	Other €m	Total €m
At 30 June 2018	**11**	**9**	**32**	**52**	**3**	**34**	**141**
Charged to consolidated income statement:							
– Additional provisions	—	—	—	—	—	3	**3**
Transfer to receivables	—	—	—	—	—	3	**3**
Utilised in the financial period	(2)	(2)	(6)	—	(3)	(1)	**(14)**
At 31 December 2018	**9**	**7**	**26**	**52**	**—**	**39**	**133**

Provisions have been analysed between non-current and current as follows:

	30 June 2018 €m	31 Dec 2018 €m
Non-current	104	**103**
Current	37	**30**
	141	**133**

11. Cash generated from operations

	31 Dec 2017 €m	31 Dec 2018 €m
(Loss)/profit after tax	(17)	**31**
Add back:		
Income tax charge	1	**1**
Share of profit of joint venture	(3)	**(7)**
Finance costs – net	50	**50**
Operating profit	31	**75**
Adjustments for:		
– Depreciation and amortisation	190	**185**
– Non-cash lease fair value credits	(4)	**(4)**
– Non cash retirement benefit charges	7	**8**
– Restructuring programme costs	3	**1**
– Non cash exceptional items	13	**7**
– Other non cash movements in provisions	1	**1**
Cash flows relating to restructuring, onerous contracts and other provisions	(24)	**(76)**
Changes in working capital		
Inventories	(1)	**(8)**
Trade and other receivables	(21)	**(21)**
Trade and other payables	3	**30**
Cash generated from operations	198	**198**

12. Post Balance Sheet Events

There have been no significant events affecting the group since the period ended 31 December 2018.

13. Contingent liabilities

There have been no material changes in our contingent liabilities since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2018.

14. Guarantees

There have been no material changes in our credit guarantees and in derivatives since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2018.

15. Seasonality

Fixed line

The group does not believe that seasonality has a material impact on our fixed line business.

Mobile

The group's mobile business tends to experience an increase in sales volumes in the weeks approaching Christmas due to the seasonal nature of its retail business. The group's mobile business experiences significant postpay and prepay subscriber growth and related costs of handset subsidies and commissions in November and December. Visitor roaming revenues are also seasonally significant because Ireland is a popular tourist destination during the summer months.

16. Commitments

Operating lease commitments

The group's operating lease contractual obligations and commitment payments were €281 million at 31 December 2018 (30 June 2018: €296 million). The payments due on operating leases are in respect of lease agreements in respect of properties, vehicles, plant and equipment for which the payments extend over a number of years.

Capital commitments

The group's capital contractual obligations and commitment payments were €27 million at 31 December 2018 (30 June 2018: €20 million).

17. Related party transactions

There have been no material changes in our related party transactions since the publication of the financial statements of EHIL in the bondholder's report for the year ended 30 June 2018.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EHIL FOR THE YEAR ENDED JUNE 30, 2018

Independent auditors' report to the directors of eircom Holdings (Ireland) Limited

Report on the audit of the non-statutory financial statements

Opinion

In our opinion, eircom Holdings (Ireland) Limited's group non-statutory financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 30 June 2018 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

We have audited the financial statements which comprise:

- the Group balance sheet as at 30 June 2018;
- the Group income statement and the Group statement of comprehensive income for the year then ended;
- the Group cash flow statement for the year then ended;
- the Group statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report for Bondholders other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities for Financial Statements set out on page F-4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for management purposes in accordance with our engagement letter dated 29 May 2018 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin
4 September 2018

eircom Holdings (Ireland) Limited

Statement of Directors' Responsibilities for Financial Statements
For the Year Ended 30 June 2018

The Directors are responsible for preparing the non-statutory consolidated financial statements for the bondholders in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and for being satisfied that they give a true and fair view of the state of the group's affairs at the end of the financial year and of the profit or loss and cash flows of the group for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements comply with IFRS, as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These non-statutory consolidated financial statements have been approved for issue by the Directors on 3 September 2018.

eircom Holdings (Ireland) Limited

Group income statement
For the Year Ended 30 June 2018

	Notes	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Revenue	6	1,283	**1,252**
Operating costs excluding amortisation, depreciation and exceptional items	7	(786)	**(742)**
Amortisation	7, 13	(108)	**(101)**
Depreciation	7, 14	(270)	**(291)**
Exceptional items	7, 8	(92)	**(87)**
Profit on disposal of property, plant and equipment	7, 9	4	**1**
Operating profit		31	**32**
Finance costs	10 (a)	(277)	**(102)**
Finance income	10 (b)	—	**—**
Finance costs – net	10	(277)	**(102)**
Share of profit of investments accounted for using the equity method		10	**5**
Loss before tax		(236)	**(65)**
Income tax credit	11	10	**6**
Loss for the financial year attributable to equity holders	29	(226)	**(59)**

Group statement of comprehensive income
For the Year Ended 30 June 2018

	Notes	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Loss for the financial year attributable to equity holders	29	(226)	**(59)**
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Defined benefit pension scheme actuarial gains:			
– Actuarial gain in year	34	121	**267**
– Tax on defined benefit pension scheme actuarial gains	25	(15)	**(33)**
		106	**234**
Items that may be reclassified subsequently to profit or loss			
Net changes in cash flow hedge reserve:			
– Fair value loss in year	29	—	**(2)**
– Transfer to income statement	29	—	**(2)**
Currency translation differences	29	(1)	**—**
		(1)	**(4)**
Other comprehensive income, net of tax		105	**230**
Total comprehensive (expense)/income for the financial year attributable to equity holders	29	(121)	**171**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group balance sheet
As at 30 June 2018

	Notes	30 June 2017 €m	30 June 2018 €m
ASSETS			
Non-current assets			
Goodwill	12	212	**212**
Other intangible assets	13	355	**312**
Property, plant and equipment	14	1,434	**1,400**
Investments	15	3	**—**
Deferred tax asset	16	3	**2**
Other assets	17	15	**13**
		2,022	**1,939**
Current assets			
Inventories	18	16	**11**
Trade and other receivables	19	196	**195**
Restricted cash	20	18	**5**
Cash and cash equivalents	21	142	**197**
		372	**408**
Total assets		2,394	**2,347**
LIABILITIES			
Non-current liabilities			
Borrowings	23	2,236	**2,244**
Derivative financial instruments	24	—	**1**
Trade and other payables	27	128	**110**
Deferred tax liabilities	25	44	**63**
Retirement benefit liability	34	258	**23**
Provisions for other liabilities and charges	26	110	**104**
		2,776	**2,545**
Current liabilities			
Derivative financial instruments	24	5	**1**
Trade and other payables	27	438	**485**
Current tax liabilities		10	**3**
Provisions for other liabilities and charges	26	67	**37**
		520	**526**
Total liabilities		3,296	**3,071**
EQUITY			
Equity share capital	28, 29	—	**—**
Capital contribution	29	54	**62**
Cash flow hedging reserve	29	2	**(2)**
Retained loss	29	(958)	**(784)**
Total equity	29	(902)	**(724)**
Total liabilities and equity		2,394	**2,347**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group cash flow statement
For the Year Ended 30 June 2018

	Notes	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Cash flows from operating activities			
Cash generated from operations	30	464	**456**
Interest paid		(105)	**(92)**
Income tax refund/(paid)		8	**(14)**
Net cash generated from operating activities		367	**350**
Cash flows from investing activities			
Purchase of property, plant and equipment ("PPE")		(273)	**(254)**
Purchase of intangible assets		(42)	**(66)**
Proceeds from sale of PPE		16	**3**
Dividend received from joint arrangement		11	**8**
Restricted cash		(8)	**13**
Repayment of loan by related party		—	**1**
Net cash used in investing activities		(296)	**(295)**
Cash flows from financing activities			
Dividends paid to equity shareholders		(1)	**(1)**
Capital contribution from equity shareholders		—	**3**
Repayment on borrowings		(1,061)	**—**
Repayment of discount on borrowings		(317)	**—**
Proceeds from loan borrowings		1,115	**—**
Proceeds from issuance of 4.5% Senior Secured Notes		200	**—**
Premium on issuance of 4.5% Senior Secured Notes		3	**—**
Debt issue costs		(3)	**—**
Fees paid in respect of Revolving Credit Facility		(1)	**—**
Debt related fees paid in respect of transaction offer		—	**(2)**
Debt modification fees		(12)	**—**
Net cash used in financing activities		(77)	**—**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(6)	**55**
Cash and cash equivalents and bank overdrafts at beginning of financial year		148	**142**
Cash, cash equivalents and bank overdrafts at end of financial year	21	142	**197**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group statement of changes in equity
For the Year Ended 30 June 2018

	Notes	Total Equity €m
Balance at 1 July 2016	29	(782)
Total comprehensive expense for the financial year	29	(121)
Capital contribution in respect of MIP equity value event	29	2
Dividends relating to equity shareholders	29	(1)
Balance at 30 June 2017	29	(902)
Balance at 1 July 2017	29	**(902)**
Total comprehensive income for the financial year	29	**171**
Capital contribution in respect of MIP equity value event	29	**5**
Capital contribution in respect of long-term incentive plan	29	**3**
Dividends relating to equity shareholders	29	**(1)**
Balance at 30 June 2018	29	**(724)**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Notes to the Financial Statements
For the Year Ended 30 June 2018

1. General information

eircom Holdings (Ireland) Limited and its subsidiaries together ("the group" or "eircom Holdings (Ireland) Limited group" or "EHIL Group"), provide fixed line and mobile telecommunications services in Ireland.

eircom Holdings (Ireland) Limited is incorporated as a company limited by shares in the Republic of Ireland, under the registered number 512352. The address of its registered office is 1 Heuston South Quarter, St. John's Road, Dublin 8. eircom Holdings (Ireland) Limited was incorporated on 23 April 2012 and directly holds 100% of the issued share capital of two principal subsidiaries: eircom Finco Sarl and eircom Limited. eircom Holdings (Ireland) Limited incorporated eircom Finco Sarl, a company registered in Luxembourg, on 24 May 2012.

On 11 June 2012, eircom Holdings (Ireland) Limited acquired 100% of the issued share capital of eircom Limited for €1.00 pursuant to a Scheme of Arrangement approved by the Irish High Court. The principal trading activities of the group are undertaken by eircom Limited and its subsidiaries. eircom Limited is the incumbent telecommunications operator in the Republic of Ireland.

NJJ Animation SAS France, a company registered in France, is the ultimate holding company. Xavier Niel is the ultimate controlling party. Eircom Holdco SA, a company registered in Luxembourg, is the immediate holding company.

2. Going concern

The financial statements have been prepared on the going concern basis.

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group will be in a position to meet its obligations as they fall due for the foreseeable future. The net liabilities of the group, included in the balance sheet at 30 June 2018, include liabilities of €2,244 million in respect of borrowings which are measured at amortised cost, and the earliest date the borrowings are due are 31 May 2022 (see Note 23 for further information).

Having made due enquiries, the Directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

The significant accounting policies adopted by the group are set out below.

3.1. Basis of preparation

The entity and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis (see Note 2). A summary of the more important accounting policies is set out below.

The financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- pension obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets are valued at fair value.

3. Accounting policies – continued

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed throughout the Notes.

Standards, amendments and interpretations effective for the year ended 30 June 2018

There were no standards, amendments or interpretations effective for the year ended 30 June 2018 that had a material impact on the group.

3.2. Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of eircom Holdings (Ireland) Limited and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of eircom Holdings (Ireland) Limited included in the financial statements.

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Joint arrangements*

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The group holds 56% of the equity share capital in Tetra Ireland Communications Limited ("Tetra"). However, the group's interest in Tetra is subject to a contractual agreement with other shareholders, which prevents the group from exercising a majority of voting rights in key strategic, operational and financial decision-making. Accordingly, the group's interest is accounted for as a joint venture in accordance with IFRS 11 'Joint Arrangements'.

The group's interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The group's joint venture' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

3. Accounting policies – continued

(iii) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group. There were no acquisitions in the two years to 30 June 2018.

(iv) Disposals

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

(v) Acquisitions involving entities under common control

Business combinations involving entities under common control are not required to be accounted for using the purchase accounting method under IFRS. The group instead applies the predecessor accounting method for such transactions. Under the predecessor accounting method, which is also commonly referred to as the merger accounting method, the assets and liabilities acquired are recognised at the acquisition date at the carrying values stated in the consolidated financial statements of the highest entity which has common control for which consolidated IFRS financial statements are prepared. The goodwill recognised is limited to the goodwill previously recognised in the consolidated financial statements of the highest entity which has common control. The difference between the consideration and the net assets recognised at predecessor value is charged/credited to the merger reserve, in equity. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

3.3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities recognised of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill may not be reversed in any circumstances.

Goodwill is allocated to cash generating units for the purpose of impairment testing in accordance with IAS 36 "Impairment of Assets". The allocation is made to cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. These calculations require the use of estimates, including management's expectations of future revenue, operating costs, profit margins and capital requirements for each cash generating unit.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.4. Intangible assets

Acquired computer software licences and associated costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. IT development costs include only those costs directly attributable

3. Accounting policies – continued

to the development phase and are only capitalised following completion of a technical feasibility study and where the group has an intention and ability to use the asset which will contribute future period financial benefits through revenue generation and/or cost reduction. Internal costs associated with developing computer software programmes are also capitalised on the same basis. These costs are amortised over their estimated useful lives (three to four years). Costs associated with the upgrade of computer software programmes which increase the functionality of computer software or related assets are capitalised.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Licence fees paid to the government, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period.

Other intangible assets, which comprise primarily acquired intangible assets, are capitalised at fair value and amortised using the straight-line method over their estimated useful lives, from the date the intangible assets are in use.

The following useful lives have been assigned to intangible assets:

	Years
Computer software	3 – 4
Intangible assets from acquisitions:	
Trademark (Fixed)	5
Contracts and related customer relationships (Fixed)	2
TV content rights (Fixed)	3
Mobile licences	15 – 18.5[(1)]

(1) Spectrum licences are amortised over the term of the relevant licences.

Intangible assets not yet available for use are tested for impairment in accordance with IAS 36 "Impairment of Assets" in the same manner as goodwill (see 3.3 above).

3.5. Segmental reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team, which is the key management team that makes strategic decisions.

3.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Amounts disclosed as revenue are net of discounts and value added tax. Revenue includes sales by group entities but excludes all inter-company sales.

The group recognises revenue when the amount of the revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the actual terms of each arrangement.

The group is required to interconnect its networks with other telecommunications operators. In some instances, as is normal practice in the telecommunications industry, reliance is placed on other operators to measure the

3. Accounting policies – continued

traffic flows interconnecting with the group's networks. In addition, the prices at which services are charged are often regulated and can be subject to retrospective adjustment. Estimates are used in these cases to determine the amount of income receivable from, or payments required to be made to, these other operators and to establish appropriate provisions.

When the group acts as principal bearing the risk and rewards of a transaction, revenue is recorded on a gross basis. However when the group acts as an agent on behalf of third parties, revenue is reported at the net amounts receivable from those third parties.

Fixed Line Revenue

Fixed line revenue is recognised in the period earned by rendering of services or delivery of products. Fixed line revenues largely comprise access (rental and connections), voice traffic, data services and managed services.

Traffic revenue is recognised at the time the traffic is carried over the group's networks. Revenue from rentals is recognised evenly over the period to which the charges relate. Bundled products (broadband, line rentals and traffic) are accounted for in the same manner as the unbundled products comprising the bundle.

Connection fee revenue is deferred over the life of the connection, which is estimated to be between four and five years. Connection lives are reviewed annually.

Revenue from equipment sold to third parties is recognised when the equipment is delivered to the customer. Revenue arising from the provision of other services, including maintenance contracts, data hosting and other related services, is recognised over the term of the contract. Revenue from fixed price contracts is generally recognised in the period the services are provided, using a straight line basis over the term of the contract.

Billings for telephone services are made on a monthly, bi-monthly or quarterly basis. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided.

Mobile Revenue

Mobile revenue consists principally of charges to customers for traffic from mobile network services, revenue from providing network services to other telecommunications operators, and the sale of handsets and other accessories.

Bundled Contract Revenue

Revenue from the sale of bundled products is allocated to the separate elements of the bundle on the basis of each element's relative fair value and recognised in revenue when each individual element of the product or service is provided. The fair values of each element are determined based on the current market price of the elements when sold separately. Additionally, when allocating the bundled revenue to each element, amounts contingent upon provision of future service are not allocated to delivered elements. To the extent that there is a discount in the bundled product, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of each element.

3.7. Exceptional items

The group has adopted an income statement format which seeks to highlight significant items within group results for the year. The group believe that this presentation provides additional analysis as it highlights significant or one-off items. Such items include, where significant, restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, impairment of surplus properties, onerous contracts and reinstatement/dilapidation provisions. Judgement is used by the group in assessing the particular items, which, by virtue of their scale and nature, are disclosed in the group income statement and related notes as exceptional items.

3. Accounting policies – continued

3.8. Amounts paid and payable to other operators

Amounts paid and payable to other operators are mainly settlement fees that the group pays to other telecommunications operators for traffic that is routed on their networks. Costs associated with these payments are recognised in the period in which the traffic is carried.

3.9. Customer acquisition costs

The group pays commissions to dealers for the acquisition and retention of mobile subscribers and certain fixed line products. Customer acquisition costs are expensed as incurred in the income statement.

The cost of mobile handsets and mobile handset promotions are expensed at the time the customer is acquired or when upgrades are provided to existing customers.

The costs associated with the group's advertising and marketing activities are also expensed as incurred.

3.10. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). These consolidated financial statements are presented in euro, which is the group's presentation currency and is denoted by the symbol "€".

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in the statement of other comprehensive income as qualifying cash flow hedges.

Group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in the statement of other comprehensive income.

3.11. Taxation

eircom Holdings (Ireland) Limited is managed and controlled in the Republic of Ireland and, consequently, is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the

3. Accounting policies – continued

deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.12. Financial instruments

(i) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the group uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Where the terms of borrowings are amended, if the revised terms are substantially different from the original terms, the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on the extinguishment of the original liability is recognised immediately in the income statement. If the new terms are not substantially different from the original terms, the impact of the change in the cash flows on the financial instrument's amortised cost is recognised in the income statement over the modified instrument's remaining contractual period.

Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months from the balance sheet date.

(ii) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each subsequent balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Derivative assets or liabilities are presented as current or non-current based on expected realisation or settlement dates.

3. Accounting policies – continued

(iii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement.

Amounts accumulated in equity are recycled in the income statement within finance costs in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the income statement.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. The group's loans and receivables are set out in Note 22.

3.13. Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost in the case of network plant includes contractors' charges, materials and labour and related overheads directly attributable to the cost of construction.

Depreciation

Depreciation is provided on property, plant and equipment (excluding land), on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives, from the date the asset is available for use. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset Class	Estimated Economic Life (Years)
Buildings	40
Network Plant	
Transmission Equipment	
Duct	20
Overhead cable/poles	8-15
Underground cable	14
Other local network	6-15
Exchanges	
Exchange line terminations	8
Core hardware/operating software	3-4
Others	3-14

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

3. Accounting policies – continued

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the income statement.

Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred, directly attributable to constructing qualifying assets that necessarily take a substantial period of time to get ready for their intended use, is capitalised based on the weighted average interest rate on outstanding borrowings.

Asset retirement obligations

The group has certain obligations in relation to the retirement of assets, mainly poles, batteries and international cable. The group also has obligations to dismantle base stations and to restore the property owned by third parties on which the stations are situated after the stations are removed. The group capitalises the future discounted cash flows associated with these asset retirement obligations and depreciates these assets over the useful life of the related asset.

3.14. Impairment of non financial assets – group

Assets that have an indefinite useful life, principally goodwill and intangible assets not yet available for use, are not subject to amortisation, and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill and secondly against the other assets (including other intangible assets) in the cash generating unit on a pro-rata basis based on the carrying amount of each asset in the cash generating unit.

Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in respect of goodwill are not reversed in any circumstances.

3.15. Leased assets

The group applies the principles of lease accounting where an arrangement is dependent upon the use of specific assets and conveys the right to use the assets. A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Where the group is lessee

The fair value of property, plant and equipment acquired under finance leases is included in property, plant and equipment and depreciated over the shorter of the lease term and the estimated useful life of the asset. The outstanding capital element of the lease obligations is included in current and non-current liabilities, as applicable, while the interest is charged to the income statement over the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. Accounting policies – continued

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Where the group is lessor

The cost of equipment assets of the group provided to customers as part of arrangements which constitute operating leases is included in property, plant and equipment and depreciated over the estimated useful life of the asset.

The cost of equipment assets of the group provided to customers as part of arrangements which constitute finance leases is expensed to the income statement upon delivery to the customer.

3.16. Inventories

Inventories comprise mainly consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes invoice price, import duties and transportation costs. Where necessary, write-downs in the carrying value of inventories are made for damaged, deteriorated, obsolete and unusable items, on the basis of a review of individual items included in inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

As part of the strategy to acquire new customers and retain existing customers, the group sells certain mobile handsets, in connection with a service contract, at below the acquisition cost. As the mobile handset subsidy is part of the group's strategy for acquiring new customers and retaining existing customers, the loss on the sale of mobile handsets is recognised at the time of the sale or provision to the customer on a free of charge basis and included in the income statement.

3.17. Trade and other receivables

Trade receivables are recognised initially at fair value, which is normally the original invoiced amount or amount advanced and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or a financial re-organisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of the bad debt provision account, and the amount of the loss is recognised in the income statement in "operating costs". When a trade receivable or other receivable is uncollectible, it is written off against the bad debt provision account.

If there is objective evidence that an impairment loss on loans and advances carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.18. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturity of less than three months.

3. Accounting policies – continued

3.19. Indefeasible rights of use ("IRU")

The group accounts for IRU contracts that are not leases in the following manner:

(i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.

(ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

3.20. Employee benefits

(i) *Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments determined by periodic actuarial calculations to independent trustee-administered funds. The group operates both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. Under defined contribution plans, the group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Typically, defined benefit plans define an amount of future pension benefit that employees have earned in return for their services to date. The pension benefit that an employee will receive on retirement is usually dependent on factors such as age, years of service and compensation. The amount recognised in the balance sheet in respect of defined benefit pension plans is the present value of the group's defined benefit obligation at the balance sheet date, less the fair value of plan assets. Plan assets are valued at their market value at the balance sheet date using bid values. The defined benefit obligation, and the related current service cost, and, where applicable, past service cost, are calculated by independent actuaries using the projected unit credit method. The defined benefit obligation is calculated annually unless there has been a material change in the obligations, where it is then recalculated during the year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on current market yields at the balance sheet date of high quality corporate bonds that are denominated in euros, and reflect the duration of the related pension liability.

The amounts of current service cost and net interest cost recognised in the income statement are computed based on actuarial assumptions at the start of the financial year. Costs of administering the defined benefit plans, other than investment management costs, are recognised within operating expenses in the income statement as the administrative services are received.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited directly to reserves through the statement of other comprehensive income.

Past service costs and negative past service costs are recognised immediately in the group income statement.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets or liabilities in the group income statement. Before the effect of a curtailment or settlement is determined, the defined benefit obligation is re-measured using current actuarial assumptions.

The deferred tax impact of pension plan surpluses and deficits is disclosed separately within deferred income tax assets or liabilities, as appropriate.

(ii) *Other bonus plans*

The group recognises a liability and an expense for bonuses where contractually obliged, or where there is past practice that has created a constructive obligation.

3. Accounting policies – continued

The entitlement to bonuses under long term bonus plans is usually conditional on the completion of a minimum service period. The expected costs of the bonuses are accrued over the period of employment based on estimates of the ultimate amount payable and targets under the schemes.

(iii) *Other long term incentive arrangements*

Long term incentive arrangements include share-based payment obligations, the accounting for such arrangements differs depending on whether the obligations are equity-settled, cash-settled and where the cost is borne by the immediate parent company. Under the plans currently in existence, the group has no obligations in respect of share based payments, which are borne by the immediate parent company, eircom Holdco SA. As the relevant individuals provide services to the group, the group is required to recognise a charge to the income statement and a corresponding increase in equity. The total charge for the equity-settled award is computed by reference to the fair value of the award at the grant date, and is not re-measured. The allocation of the charges over the vesting period is based on the service vesting conditions, and the impact of potential accelerated vesting events. For cash settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following: (a) when the group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Termination benefits comprise the estimated benefits payable to staff availing of voluntary leaving schemes and the associated pension impact.

3.21. Provisions

A provision is recognised when, and only when (a) the group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

A constructive obligation for restructuring cost exists where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Onerous lease provisions have been measured at the lower of the cost to fulfil the contract, or the estimated cost to exit it, where appropriate.

3.22. Financial guarantee contracts

Liabilities are initially measured at fair value in respect of financial guarantees issued by the group for the benefit of third parties, and subsequently at the higher of the amount determined in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

3. Accounting policies – continued

3.23. Contingent liabilities and contingent assets

A contingent liability, including contingent liabilities in respect of financial guarantee contracts, is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (b) the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain an asset is recognised.

3.24. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.25. Dividend distribution

Final dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are approved by the equity shareholders. Interim dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are paid.

3.26. Dividends

Dividend income is recognised when the right to receive payment is established.

4. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: liquidity risk, market rate risk (including cash flow, interest rate risk, currency risk and price risk) and credit risk. The group's overall risk management program focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, and ageing analysis for credit risk. Responsibility for managing these risks rests with the Board.

There have been no significant changes in the types of financial risks or the group's risk management program (including methods used to measure the risks) since 30 June 2017.

4.1. Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements and to repay maturing debt and other liabilities as they fall due.

As set out in Note 2, having reviewed the group's business plans and cash flow forecasts, the Directors consider that the group will be able to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future. Management of the group's liquidity risk is fundamental to its operations. The nature of the group's business, its working capital management activities and investment in network assets has often resulted in minimal current assets or net current liabilities.

4. Financial risk management – continued

The eircom Holdings (Ireland) Limited group has net current liabilities of €118 million at 30 June 2018. The current liabilities at that date include deferred revenue of €101 million. There is no cash outflow requirement associated with deferred revenue.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the interest rates effective at the balance sheet date and includes the margins applicable to the relevant debt.

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Borrowings					
– At 30 June 2018	**—**	**—**	**700**	**1,600**	**2,300**
– At 30 June 2017	—	—	700	1,600	2,300
Interest on borrowings					
– At 30 June 2018	**84**	**85**	**221**	**45**	**435**
– At 30 June 2017	84	84	253	98	519
Derivative financial instruments					
– At 30 June 2018	**1**	**1**	**—**	**—**	**2**
– At 30 June 2017	5	1	(1)	—	5
Trade and other payables					
– At 30 June 2018	**331**	**8**	**16**	**—**	**355**
– At 30 June 2017	266	8	24	—	298
TIS annuity scheme					
– At 30 June 2018	**3**	**3**	**4**	**1**	**11**
– At 30 June 2017	4	3	5	1	13
Onerous contracts					
– At 30 June 2018	**11**	**3**	**4**	**14**	**32**
– At 30 June 2017	14	10	6	13	43
Deferred consideration					
– At 30 June 2018	**3**	**—**	**—**	**—**	**3**
– At 30 June 2017	1	3	—	—	4

4.2. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders over the long term. The capital structure of the group consists of the borrowings as set out above, and equity comprising issued capital, reserves and accumulated losses as set out in Note 29.

4.3. Credit risk

Credit risk refers to the loss that the group would incur if a debtor or other counter-party fails to perform under its contractual obligations. Credit risks are mainly related to counter-party risks associated with cash and cash equivalents, restricted cash, trade and other debtors, amounts owed by related companies and derivative contracts.

4. Financial risk management – continued

The group's trade debtors are generated by a large number of customers, both private individuals and companies in various industries, mainly in Ireland. Exposure to credit loss and subscriber fraud is actively monitored on a regular basis, including some processing of current credit information on subscribers from third-party sources (subject to availability) and, where appropriate, a provision for doubtful debtors is made.

The credit risk and net exposure on key accounts, particularly other authorised operators and international carriers, is monitored separately through continual risk assessments of customers with material balances. In terms of the overall exposure from credit risk, the receivables from these counter-parties are not so extensive as to be considered significant concentrations of credit risk.

Ageing of trade receivables

The ageing analysis of trade receivables is set out below.

	Past due but not impaired						
	Less than 30 days €m	Between 31 and 60 days €m	Between 61 and 90 days €m	More than 90 days €m	**Neither impaired nor past due €m**	**Impaired €m**	**Total €m**
Trade receivables							
– at 30 June 2018	**17**	**10**	**8**	**7**	**65**	**8**	**115**
– at 30 June 2017	18	7	4	21	69	10	129

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The group held collateral on trade receivables in the form of cash deposits of €1 million (30 June 2017: €1 million) as security.

The group is exposed to credit risk relating to its cash and cash equivalents. The group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counter-parties and with institutions whose long-term Standard & Poor's (S&P) credit rating is "BBB+" or above (or Moody's equivalent rating of "Baa1") or is an acceptable bank as defined in the Senior Facilities Agreement.

The credit quality of cash and cash equivalents can be assessed by reference to S&P credit ratings in the table below.

	30 June 2017 €m	**30 June 2018 €m**
Cash and cash equivalents		
A+	—	**76**
A	105	**81**
BBB+	1	**4**
BBB	12	**4**
BBB-	24	**32**
	142	**197**

4.4. Market rate risk

Market rate risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The group has limited exposure to equity, currency and price risk, other than the impact of those risks on the group's defined benefit pension scheme.

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates.

4. Financial risk management – continued

Cash and cash equivalents and borrowings at variable rates expose the group to cash flow interest rate risk. Cash and cash equivalents and borrowings at a fixed rate expose the group to fair value interest rate risk.

The group uses derivative financial instruments to hedge certain interest rate risk exposures on group borrowings.

In April 2017, the group entered into three forward starting interest rate swaps with hedging counterparties for a notional principal amount totalling €650 million for a period of two years from 11 June 2018. The swaps meet the requirements for hedge accounting.

As at reporting date, the group had the following cash and cash equivalents (Note 21), floating-rate borrowings (Note 23) and interest rate swap contracts outstanding (Note 24):

	30 June 2017		30 June 2018	
	Weighted average Interest rate %	Balance €m	Weighted average Interest rate %	Balance €m
Cash and cash equivalents	—	142	**—**	**197**
Bank borrowings (Facility B)	3.25%	(1,600)	**3.25%**	**(1,600)**
Interest rate swaps (Notional principal amount)		1,200		**650**
Net exposure to interest rate risk		(258)		**(753)**

Interest rate sensitivity analysis

Based on the financial instruments held at the balance sheet date, if interest rates are 25 basis points ("bps") higher/lower and all other variables are held constant, the group's profit/(loss) after tax for the year ended 30 June 2018 will increase or decrease by the amounts set out in the table below:

Group – after tax	Increase by 25 bps €m	Decrease by 25 bps €m
Profit for the year – (lower)/higher	**(2)**	**2**

A sensitivity of 25 bps has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

Currency risk

The group conducts its business primarily in Ireland and, therefore, operating and investing cash flows are substantially denominated in euro. A limited level of foreign exchange risk arises in relation to a foreign subsidiary, capital expenditure denominated in foreign currencies and foreign exchange settlements with international third party telecommunications carriers.

Given the limited level of risk the group does not hedge its foreign exchange risk arising on transactions and capital expenditure denominated in foreign currencies.

Price risk

The group is exposed to price risk on the assets held by the group's defined benefit pension scheme (see Note 34).

4.5. Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

4. Financial risk management – continued

See Note 22 for information on financial instruments fair value measurements within a three-level fair value hierarchy.

4.6. Hedging instruments

As at the reporting date, the group had entered into a number of swaps to cover interest rate exposure on various debt obligations. The details of the effective interest rate and maturity of these instruments is:

Derivatives ineligible for hedge accounting

These instruments are ineligible for hedge accounting under IAS 39 and movements in the fair value of these derivatives have been taken through the income statement.

				Maturity date – principal value					
	Principal value	Fair Value	Weighted average Interest rate	Within 1 Year	Between 1 & 2 Years	Between 2 & 3 Years	Between 3 & 4 Years	Between 4 & 5 Years	After 5 Years
	€m	€m	%	€m	€m	€m	€m	€m	€m
Derivatives ineligible for hedge accounting									
– at 30 June 2018	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– at 30 June 2017	1,200	(5)	0.099%	1,200	—	—	—	—	—

Derivatives designated and eligible for hedge accounting

These instruments have been designated as cash flow hedges under IAS 39 and movements in the effective portion of the fair value of the hedges have been taken through the cash flow hedge reserve.

				Maturity date – principal value					
	Principal value	Fair Value	Weighted average Interest rate	Within 1 Year	Between 1 & 2 Years	Between 2 & 3 Years	Between 3 & 4 Years	Between 4 & 5 Years	After 5 Years
	€m	€m	%	€m	€m	€m	€m	€m	€m
Designated active interest rate swap									
– at 30 June 2018	**650**	**(2)**	0.222%	—	**650**	**—**	**—**	**—**	**—**
– at 30 June 2017	650	—	0.222%	—	—	650	—	—	—

See Note 24 for further information on the group's interest rate swaps.

5. Critical Accounting Judgements and Estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are noted below. Further details are included in the Notes to the financial statements.

The areas involving significant estimates or judgements are:

- Estimation of current tax payable and recognition of deferred tax (Note 11)
- Making appropriate assumptions on non-financial asset impairment reviews (Note 12)
- Establishing lives for amortisation purposes of intangible assets (Note 13)

5. Critical Accounting Judgements and Estimates – continued

- Establishing lives for depreciation purposes of property, plant and equipment (Note 14)
- Providing for doubtful debts (Note 19)
- Estimation of cash outflows on onerous contracts (Note 26(c))
- Making appropriate assumptions in calculating asset retirement obligations (Note 26 (d))
- Providing for litigation, contingencies and other constructive obligations (Note 26 (e))
- Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs (Note 34)

Judgements and estimates are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group which are regularly reviewed by the 'Chief Operating Decision Maker' in order to allocate resources to the segments and to assess their performance.

The group's operating segments are reported based on financial information provided to the Senior Management Team ("SMT"), which is the key management team and represents the 'Chief Operating Decision Maker'. The SMT is chaired by the Group Chief Executive and the other members are the Group Chief Financial Officer, Chief Technology Officer, Chief Information Officer, Business Directors, Customer Operations Director, HR Director, Director of Regulatory & Public Policy and General Counsel.

The SMT considers the business from a fixed line and mobile perspective and assesses the performance of the operating segments based on a measure of adjusted EBITDA. Adjusted EBITDA is before non-cash lease contracts, non-cash pension charge and exceptional items. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, onerous contracts and other charges/income. The non-cash lease contracts credit included in the income statement during the year is in respect of the unfavourable lease fair value adjustment which arose on acquisition of eircom Limited. The non-cash pension charge is determined based on the difference between the charge determined under IAS 19 and employer contributions payable in respect of the financial year. Interest costs on borrowings are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the borrowings position of the group.

Sales between segments for telecommunication services are carried out on an arm's length basis. Other recharges in respect of non-telecommunication services are based on actual cost of employee remuneration or other external costs incurred. The revenue from external parties reported to the SMT is measured in a manner consistent with that in the group income statement.

6. Segment information – continued

The segment results for the year ended 30 June 2018 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	**965**	**338**	**(33)**	**1,270**	**(18)**	**1,252**
Adjusted EBITDA[(1)]	**443**	**85**	**—**	**528**	**(10)**	**518**
Non-cash lease contracts	**7**	**—**	**—**	**7**	**—**	**7**
Non-cash pension charge	**(15)**	**—**	**—**	**(15)**	**—**	**(15)**
Amortisation	**(79)**	**(22)**	**—**	**(101)**	**—**	**(101)**
Depreciation	**(265)**	**(30)**	**—**	**(295)**	**4**	**(291)**
Exceptional items (Note 8)	**(80)**	**(7)**	**—**	**(87)**	**—**	**(87)**
Profit on disposal of PPE	**1**	**—**	**—**	**1**	**—**	**1**
Operating profit	**12**	**26**	**—**	**38**	**(6)**	**32**
Finance costs				**(102)**	**—**	**(102)**
Share of profit of investments accounted for using the equity method				**—**	**5**	**5**
Loss before income tax				**(64)**	**(1)**	**(65)**
Income tax credit				**5**	**1**	**6**
Loss for the financial year				**(59)**	**—**	**(59)**

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

The segment results for the year ended 30 June 2017 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	993	341	(35)	1,299	(16)	1,283
Adjusted EBITDA[(1)]	452	68	—	520	(11)	509
Non-cash lease contracts	7	—	—	7	—	7
Non-cash pension charge	(19)	—	—	(19)	—	(19)
Amortisation	(84)	(24)	—	(108)	—	(108)
Depreciation	(243)	(26)	—	(269)	(1)	(270)
Exceptional items (Note 8)	(92)	—	—	(92)	—	(92)
Profit on disposal of PPE	4	—	—	4	—	4
Operating profit	25	18	—	43	(12)	31
Finance costs				(277)	—	(277)
Share of profit of investments accounted for using the equity method				—	10	10
Loss before income tax				(234)	(2)	(236)
Income tax credit				8	2	10
Loss for the financial year				(226)	—	(226)

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

6. Segment information – continued

Other segment items included in the income statement are as follows:

	Year ended 30 June 2017			Year ended 30 June 2018		
	Fixed line €m	Mobile €m	Group €m	Fixed line €m	Mobile €m	Group €m
Impairment of trade receivables (Note 19)	7	2	9	**5**	**3**	**8**
Reversal of trade receivable impairments (Note 19)	—	—	—	**—**	**—**	**—**
Impairment of inventory (Note 18)	—	—	—	**—**	**—**	**—**

The segment assets and liabilities and capital expenditure are as follows:

	30 June 2018			
	Fixed line €m	Mobile €m	Unallocated €m	Group €m
Assets	**2,016**	**329**	**2**	**2,347**
Liabilities	**622**	**131**	**2,318**	**3,071**
Capital expenditure:				
Intangible assets (Note 13)	**34**	**23**	**—**	**57**
Property, plant and equipment (Note 14)	**246**	**15**	**—**	**261**

	30 June 2017			
	Fixed line €m	Mobile €m	Unallocated €m	Group €m
Assets	2,052	336	6	2,394
Liabilities	859	136	2,301	3,296
Capital expenditure:				
Intangible assets (Note 13)	23	11	—	34
Property, plant and equipment (Note 14)	226	38	—	264

Segment assets consist primarily of property, plant and equipment, goodwill, intangible assets, inventories, receivables and operating cash. They exclude taxation and investments.

Segment liabilities comprise operating liabilities, retirement benefit liability and provisions for liabilities and other charges. They exclude items such as taxation, borrowings, interest payable and derivatives.

Capital expenditure comprises additions to intangible assets (Note 13) and property, plant and equipment (Note 14).

Geographical information

The group is domiciled in the Republic of Ireland. The group operates in two countries, Republic of Ireland and the United Kingdom, though substantially all of the group's revenues arise in the Republic of Ireland. For the purposes of the geographical allocation of revenue, the group identifies revenues earned by entities operating in each country. Total revenue of the group for the current year is €1,252 million (30 June 2017: €1,283 million) of which €1,217 million (30 June 2017: €1,246 million) was earned by group entities operating in the Republic of Ireland and €35 million (30 June 2017: €37 million) was earned by group entities operating in the United Kingdom. Total non-current assets of the group, other than investments and deferred tax assets as at year end are €1,937 million (30 June 2017: €2,016 million), of which €1,931 million were located in the Republic of Ireland (30 June 2017: €2,009 million) and €6 million were located in the United Kingdom (30 June 2017: €7 million).

The group has one single external customer where revenue of €131 million is 10% of the group's total revenue for the current year of €1,252 million. These revenues were earned by both the fixed line and mobile segments.

7. Operating costs

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Staff costs:		
Wages and salaries	232	**222**
Social insurance costs	12	**12**
Pension costs – defined contribution plans (Note 34)	5	**5**
Pension costs – defined benefit plans (Note 34)	34	**30**
	283	**269**
Staff costs capitalised	(74)	**(70)**
Net staff costs included in operating costs (a)	209	**199**
Other operating costs:		
Amounts paid and payable to telecommunications operators	100	**96**
Purchase of goods for resale, commission and related costs	189	**172**
Materials and services	17	**16**
Other network costs	13	**14**
Accommodation	87	**81**
Sales and marketing	69	**64**
Customer services	39	**38**
Transport and travel	11	**11**
IT costs	24	**27**
Provision for impaired receivables	9	**8**
Other costs	19	**16**
Total other operating costs	577	**543**
Operating costs excluding amortisation, depreciation, restructuring and other exceptional items	786	**742**
Amortisation (Note 13)	108	**101**
Depreciation of property, plant & equipment (Note 14)	270	**291**
Exceptional items (Note 8)	92	**87**
Total operating costs	1,256	**1,221**
Profit on disposal of property, plant and equipment (Note 9)	(4)	**(1)**
Total operating costs (net)	1,252	**1,220**

(a) Operating costs are stated after charging:

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Staff costs	283	**269**
Exceptional restructuring programme costs (Note 8)	52	**68**
Exceptional incentive plans (Note 8)	2	**8**
Total staff costs	337	**345**
Staff costs capitalised	(74)	**(70)**
Total staff costs (net of staff costs capitalised)	263	**275**
Research costs	—	**—**
Hire of plant and machinery	3	**3**
Other operating lease rentals	41	**34**

8. Exceptional items

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Restructuring programme costs[(a)]	52	**68**
Management incentive plan[(b)]	2	**8**
Onerous lease contracts[(c)]	27	**(1)**
Transaction related and strategic review costs[(d)]	6	**10**
Other exceptional items[(e)]	5	**2**
Exceptional charge	92	**87**

(a) Restructuring programme costs

The group included an exceptional charge of €68 million (30 June 2017: €52 million) for restructuring programme costs in the year ended 30 June 2018. The exceptional charge includes €67 million for staff who had either exited the business, or were committed to exiting the business, at 30 June 2018 and provision for future staff exits of €1 million.

The charge of €68 million at 30 June 2018 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €6 million (30 June 2017: €2 million).

(b) Management incentive plan

The group recognised a charge of €5 million (30 June 2017: €2 million) in its income statement in the year ended 30 June 2018, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the immediate parent company, eircom Holdco S.A., to the group's employees, for which the group has no obligation to make any payment.

Also during the year ended 30 June 2018, the group recognised a charge of €3 million in respect of a long-term incentive plan ("LTIP") for certain group employees in its income statement.

(c) Onerous lease contracts

During the year ended 30 June 2018, €1 million was released from the onerous lease contracts provision as a result of a change in the group's estimate of the expected outflows under the relevant leases.

During the year ended 30 June 2017, the group recognised an exceptional charge of €27 million in respect of onerous contracts on its leasehold properties. The group no longer requires these properties as a result of the rationalisation of the group's accommodation requirements and provision has been made in respect of the estimated cash flow required to meet the future lease payments net of any sub-lease income for these leases.

(d) Transaction related and strategic review costs

The group recognised an exceptional charge of €10 million for costs incurred by the group, in connection with the acquisition by NJJ Telecom Europe ("NJJ"), alongside Iliad SA ("Iliad"), to acquire a major stake in the eir group, and for strategic review and other project related costs (30 June 2017: €6 million) incurred in the year ended 30 June 2018.

(e) Other exceptional items

During the year ended 30 June 2018, the group recognised an exceptional charge of €1 million (30 June 2017: €4 million) in respect of legal related matters and €1 million (30 June 2017: €1 million) for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in April 2016.

9. Profit on disposal of property, plant and equipment

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Profit on disposal of property, plant and equipment	4	**1**
	4	**1**

During the year ended 30 June 2018, the group sold a number of properties that were no longer required for €3 million (30 June 2017: €16 million). See Note 30(b) for further information.

10. Finance costs – net

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	105	**92**
Interest amortisation on non-current borrowings	20	**5**
Net interest cost on net pension liability	6	**5**
Amortisation of debt issue costs and debt modification fees	4	**3**
Other unwinding of discount	2	**2**
Amortisation of 'Cash Flow Hedge Reserve' derivatives	—	**(2)**
Fair value movements on derivatives not qualifying for hedge accounting	(8)	**(5)**
	129	**100**
Loss on extinguishment of debt	131	**—**
Write off of debt issue costs and debt modification fees	15	**—**
Revolving credit facility arrangement fee and other fees	2	**2**
	277	**102**
(b) Finance income:		
Interest income	—	**—**
	—	—
Finance costs – net	277	**102**

During the year ended 30 June 2017, the refinancing of Facility B borrowings included new money commitments, as well as the exchange of borrowings under the existing facilities at par. The prepayment of the existing borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €131 million in the income statement within 'finance costs'.

See Note 23 for further information.

11. Income tax credit

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
(a) **Recognised in the income statement**		
Current tax expense		
Current financial period	8	**10**
Adjustments for prior periods	(1)	**(3)**
	7	**7**
Deferred tax expense		
Origination and reversal of temporary difference	(17)	**(15)**
Adjustments for prior periods	—	**2**
	(17)	**(13)**
Total income tax credit in income statement	(10)	**(6)**

11. Income tax credit – continued

The tax credit for the year ended 30 June 2018 includes a credit of €9 million (30 June 2017: €10 million) in respect of exceptional items (see Note 8).

(b) Reconciliation of effective tax rate

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated companies as follows:

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Loss before tax	(236)	**(65)**
Tax calculated at Irish tax rates	(29)	**(8)**
Effects of:-		
Non deductible expenses	21	**4**
Income taxable at higher rate	1	**1**
Utilisation of losses carried forward	(1)	**(2)**
Income not subject to taxation	(1)	**—**
Adjustments in respect of prior periods	(1)	**(1)**
Tax credit for financial period (Note 11(a))	(10)	**(6)**

The weighted average applicable tax rate was 12.5% (30 June 2017: 12.5%).

(c) Significant estimates and judgements

Current tax

The actual tax the group pays is determined according to complex tax laws and regulations. Where the effect of these laws and regulations are unclear, the group uses estimates in determining the liability for the tax to be paid. The group believes the estimates, assumptions and judgements are reasonable but the estimates can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement in future periods. The value of the group's current tax liability is disclosed on the balance sheet.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. The carrying value of the group's deferred tax assets and liabilities are disclosed in Notes 16 and 25, respectively.

12. Goodwill

	30 June 2017 €m	30 June 2018 €m
Cost		
At beginning of financial period	754	**754**
At end of financial period	754	**754**
Accumulated impairments		
At beginning of financial period	(542)	**(542)**
Recognised during the financial period	—	**—**
At end of financial period	(542)	**(542)**
Net book value at end of financial period	212	**212**

12. Goodwill – continued

Goodwill is not subject to amortisation. Instead, goodwill is tested for impairment annually as part of the cash generating unit ("CGU") to which it relates, and is carried at cost less accumulated impairment losses.

The majority of the group's goodwill carried forward from prior years relates to the acquisition of eircom Limited in June 2012, pursuant to a Scheme of Arrangement of creditors approved by the High Court. eircom Holdings (Ireland) Limited acquired 100% of the share capital of eircom Limited for consideration of €1. Goodwill of €836 million was recognised as the difference between the purchase consideration and the fair value of the individual assets and liabilities at the date of acquisition, 11 June 2012. The goodwill arose in part because eircom Limited was acquired for a nominal amount pursuant to the Scheme of Arrangement and because the pension obligation and the deferred tax balances were recognised in accordance with the measurement requirements of IAS 19 and IAS 12 respectively and not at fair value. No goodwill was allocated to the Mobile CGU. The group identified an impairment of €542 million in the year ended 30 June 2012 relating to the Fixed Line CGU.

In the year ended 30 June 2013, eircom Limited sold its 100% shareholding in eircom Phonewatch Limited and recognised disposal of goodwill of €102 million as a result of the transaction.

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland) as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). Goodwill of €20 million was recognised on the acquisition of Setanta Sports Ireland and allocated to the group's Fixed Line CGU.

The CGU summary of the goodwill allocation is as follows:

	Fixed Line 30 June 2017 €m	Mobile 30 June 2017 €m	Fixed Line 30 June 2018 €m	Mobile 30 June 2018 €m
Goodwill	212	—	**212**	**—**

An impairment test of the Fixed Line CGU was performed as of 30 June 2018 and no impairment was identified.

Impairment test of Fixed Line CGU as at 30 June 2018

An impairment test of the Fixed Line CGU was performed as at 30 June 2018 in accordance with IAS 36, Impairment of Assets. The impairment test has been undertaken at the year end date. Tangible and intangible assets are an integrated part of the CGU carrying values and are tested together with the goodwill.

An impairment test of the Fixed Line CGU is required annually as it contains goodwill. An impairment test of the Mobile CGU is not required as at 30 June 2018 as the group held no Mobile intangible assets not yet available for use for which the recoverable amount could not be estimated on an individual asset basis. The Directors concluded that there was no indicator of impairment and consequently no test of impairment was required to be performed.

Impairment testing methodology

The recoverable amount of the CGU is determined on the basis of the higher of the fair value less costs to sell and value-in-use, using the discounted cash flow (DCF) method. Cash flows for the years beyond the approved business plans are extrapolated using the estimated long-term growth rates stated below. The cash flows are discounted using the discount rates stated below.

The impairment test was based on fair value less costs to sell which is higher than value in use because of the investment in infrastructure development required by the group's CGU. The cash flows and assumptions used as of 30 June 2018 for the impairment test are consistent with the assumptions that would be made by a market participant acquiring the CGU.

12. Goodwill – continued

Key assumptions

The key assumptions are based on past experience, adjusted for expected changes in future conditions. Key assumptions involved in the calculation of fair value less costs to sell include management's estimates of future operating cash-flows, capital expenditure requirements, tax considerations, discount rates and long-term growth rates. The key assumptions in relation to long-term growth rates and discount rates were benchmarked against external information on comparable companies in similar markets.

The group considers the business plan and long-term projections to be reasonable in view of the anticipated long-term performance of the Irish economy and consistent with the assumptions that would be used by a market participant. Adjustments are made to the business plan cash flows to take account of possible variations in the amount or timing of cash flows, which can be affected by factors such as increased competitor activity, the roll-out of new technologies and the timing of the introduction of new services, pricing trends, termination rates, customer acquisition costs, margin levels and restructuring programmes, such that the estimated cash flows reflect the range of possible outcomes for each CGU's future trading performance.

The fixed line fair value less costs to sell is not observable in a quoted market and accordingly it has been determined with reference to various assumptions, which are considered to result in a "level 3" valuation.

Fair Value less Costs to Sell – cash flow projections

At 30 June 2018 and 30 June 2017, these calculations used post-tax cash flow projections based on business plans approved by management, as adjusted for market participant assumptions, covering a period up to 30 June 2021.

The other key assumptions used for fair value less costs to sell calculations for the Fixed Line and Mobile CGUs are as follows:

	Fixed Line 30 June 2017	Mobile 30 June 2017	Fixed Line 30 June 2018	Mobile 30 June 2018
Long-term growth rates	-0.75%	N/A	**-0.75%**	**N/A**
Discount rates (Post-tax)	7.16%	N/A	**7.16%**	**N/A**
Budgeted EBITDA[1]	1.73%	N/A	**2.56%**	**N/A**
Budgeted capital expenditure[2]	14%-22%	N/A	**14%-28%**	**N/A**

Notes:

1 Budgeted EBITDA is expressed as the compound annual growth rates over the periods covered by the business plans for all cash-generating units of the plans used for impairment testing.

2 Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue (for all periods covered by the business plans plus the terminal value).

Long Term Growth Rates

The long-term growth rates are determined based on the long-term historical growth rates of the sectors in which the CGUs operate, and reflect an assessment of the long-term growth prospects of the sectors. The growth rates have been benchmarked against external data for the relevant markets. None of the growth rates applied exceed the long-term historical average growth rates for those markets or sectors.

Discount Rates

The discount rates used reflect specific risks relating to the CGUs. The assumptions used have been benchmarked to externally available data. The methodology is based on the Capital Asset Pricing Model (CAPM). At 30 June 2018, the yield on ten-year Irish government bonds provided the basis for the risk free rate, which was then adjusted to take account of market risks specific to the CGUs. The group has used Irish government bond yields as the basis for the risk-free rate in keeping with its observations of practices applied by external market analysts in determining appropriate weighted average costs of capital for Irish companies. In estimating the discount rate

12. Goodwill – continued

under CAPM, in addition to the risk-free rate, other inputs required are the equity market risk premium (that is the excess return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment factor known as beta is applied to reflect the risk of the specific CGU operations relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the risk of the group's CGUs determined using an average of the observed betas of comparable companies.

Significant estimates and judgements

Making appropriate assumptions on non-financial asset impairment reviews

The group undertakes a review for impairment of goodwill, intangible assets not yet available for use annually and for other non-financial assets if events or circumstances indicate that the carrying amount may not be recoverable.

Factors which the group consider could trigger an impairment include, but are not limited to the following: (1) significant negative industry or economic trends, (2) current, historical or projected losses that demonstrate continuing losses, (3) results of fair market valuations performed or (4) changes in key assumptions underpinning the fair value less cost to sell and value in use calculations. These impairment charges under IFRS are based upon the excess of the carrying amount of the asset over its recoverable amount, which is the higher of the fair value less cost to sell and its value in use, based on discounted future cash flows. When an asset is not recoverable in full, impairment is measured as the excess of carrying value over the recoverable amount of the long-life asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and the fair value less cost to sell. Changes in these estimates directly affect management's assessment of whether an impairment charge is required and the amount of the impairment charge recorded.

The discount rate used in impairment testing is derived from a weighted average cost of capital ("WACC") which is impacted by interest rates and market risk premiums, estimated for companies in the telecommunications sector. There is a risk that the WACC could increase significantly in future periods, depending on market volatility. There is also a risk of deterioration in the budgeted future cash flows as a result of the current economic environment.

Any significant deterioration in the budgeted future cash flows or changes in WACC or estimates in respect of terminal growth rates could result in a further impairment of our goodwill and/or non-financial assets, which could have a further negative effect on operating profits and assets. Future cash flows would not be impacted by any impairment provision.

13. Other intangible assets

	Computer software €m	Trademarks €m	Contracts and related customer relationships €m	TV content rights €m	Licence €m	Total €m
Cost						
At 1 July 2016	328	127	54	15	195	719
Additions	34	—	—	—	—	34
At 30 June 2017	**362**	**127**	**54**	**15**	**195**	**753**
Additions	**45**	**—**	**—**	**—**	**12**	**57**
Transfer from tangible assets	**1**	**—**	**—**	**—**	**—**	**1**
At 30 June 2018	**408**	**127**	**54**	**15**	**207**	**811**
Accumulated Amortisation						
At 1 July 2016	174	19	48	1	48	290
Charge for the financial year	64	25	3	5	11	108
At 30 June 2017	**238**	**44**	**51**	**6**	**59**	**398**
Charge for the financial year	**57**	**26**	**3**	**4**	**11**	**101**
At 30 June 2018	**295**	**70**	**54**	**10**	**70**	**499**
Net Book Value at 30 June 2018	**113**	**57**	**—**	**5**	**137**	**312**
Net Book Value at 30 June 2017	124	83	3	9	136	355

Assets in the course of completion and other intangible assets not yet available for use included in other intangibles assets are €20 million (30 June 2017: €10 million).

Computer software relates to internal and external capitalised software development costs.

Significant estimates and judgements

Establishing lives for amortisation purposes of intangible assets

The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Where the useful life of an intangible asset is reassessed as finite rather than indefinite a test for impairment is carried out. Changes in asset lives can have a significant impact on amortisation charges for the period.

For additional information see details of the useful lives set out in Note 3.4.

14. Property, plant and equipment ("PPE")

	Land and Buildings €m	Network, Plant And Equipment €m	Total €m
Cost			
At 1 July 2016	249	2,253	2,502
Additions	—	264	264
Exchange adjustments	—	(1)	(1)
Disposals/retirements	(12)	(5)	(17)
At 30 June 2017	**237**	**2,511**	**2,748**
Additions	**—**	**261**	**261**
Transfer to intangible assets	**—**	**(1)**	**(1)**
Disposals/retirements	**(2)**	**(2)**	**(4)**
At 30 June 2018	**235**	**2,769**	**3,004**
Accumulated Depreciation			
At 1 July 2016	75	976	1,051
Charge for financial year	17	253	270
Disposals/retirements	(2)	(5)	(7)
At 30 June 2017	**90**	**1,224**	**1,314**
Charge for financial year	**17**	**275**	**292**
Disposals/retirements	**—**	**(2)**	**(2)**
At 30 June 2018	**107**	**1,497**	**1,604**
Net Book Value at 30 June 2018	**128**	**1,272**	**1,400**
Net Book Value at 30 June 2017	147	1,287	1,434

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value. The review for the year ended 30 June 2018 and 30 June 2017 resulted in no material adjustments to asset lives.

Assets in the course of construction included in property, plant and equipment are €78 million (30 June 2017: €73 million).

The depreciation charged in the income statement is net of capital grants amortised during the financial year as follows:-

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Depreciation	270	**292**
Amortisation of capital grants	—	**(1)**
	270	**291**

Significant estimates and judgements

Establishing lives for depreciation purposes of property, plant and equipment

Long-life assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation, physical condition of the assets concerned and other factors that may impact on the remaining useful lives of assets. Changes in asset lives can have a significant impact on depreciation charges

14. Property, plant and equipment ("PPE") – continued

for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis as asset lives are individually determined and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

For additional information see details of the useful lives set out in Note 3.13.

15. Investments

Investments in Joint ventures

At 30 June 2018, the group has a joint venture in Tetra Ireland Communications Limited ("Tetra"). The following tables presents, on a condensed basis, the summarised financial information of Tetra. The information disclosed reflects the amount reported in the financial statements of Tetra and not the group's share of those amounts.

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Revenue	35	**37**
Operating costs excluding depreciation	(16)	**(19)**
Depreciation	3	**(8)**
Operating profit	22	**10**
Finance costs – net	—	**—**
Profit before tax	22	**10**
Income tax charge	(3)	**(2)**
Profit for the financial year	19	**8**

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Profit for the financial year	19	**8**
Other comprehensive income	—	**—**
Total comprehensive income for the financial year	19	**8**

	30 June 2017 €m	30 June 2018 €m
ASSETS		
Non-current assets	15	**8**
Current assets	12	**13**
Total assets	27	**21**
LIABILITIES		
Non-current liabilities	8	**7**
Current liabilities	13	**14**
Total liabilities	21	**21**
EQUITY		
Total equity	6	**—**
Total equity	6	**—**
Total liabilities and equity	27	**21**

16. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets 30 June 2018 €m	Liabilities 30 June 2018 €m	Net 30 June 2018 €m
Tax loss carry forward	**1**	**—**	**1**
Property, plant and equipment	**1**	**—**	**1**
	2	**—**	**2**

	Assets 30 June 2017 €m	Liabilities 30 June 2017 €m	Net 30 June 2017 €m
Tax loss carry forward	2	—	2
Property, plant and equipment	1	—	1
	3	—	3

The movement in deferred tax assets during the year ended 30 June 2018 is as follows:

	1 July 2017 €m	Recognised in income statement credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2018 €m
Tax loss carry forward	**2**	**(1)**	**—**	**1**
Property, plant and equipment	**1**	**—**	**—**	**1**
	3	**(1)**	**—**	**2**

The movement in deferred tax assets during the year ended 30 June 2017 is as follows:

	1 July 2016 €m	Recognised in income statement credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2017 €m
Tax loss carry forward	3	(1)	—	2
Property, plant and equipment	1	—	—	1
	4	(1)	—	3

17. Other assets

	30 June 2017 €m	30 June 2018 €m
Deposits and other non-current assets	1	**—**
Loan advanced to holding company	14	**13**
	15	**13**

18. Inventories

	30 June 2017 €m	30 June 2018 €m
Network development and maintenance stocks	11	**7**
Consumable and other stocks	5	**4**
	16	**11**

The cost of inventories recognised as an expense and included in "operating costs" amounted to €71 million (30 June 2017: €93 million). The net replacement cost of stocks is not expected to be materially different from that shown above.

During the year ended 30 June 2018, the group recognised a loss for impaired inventories of €Nil (30 June 2017: €Nil), reversed previous recognised impaired inventories of €Nil (30 June 2017: €Nil), and utilised provisions for impaired inventories of €Nil (30 June 2017: €Nil). The creation and reversal of provisions for impaired inventories have been included in "operating costs" in the income statement.

19. Trade and other receivables

	30 June 2017 €m	30 June 2018 €m
Current assets:		
Trade receivables	129	**115**
Less: Provision for impairment of trade receivables	(10)	**(8)**
Trade receivables – net	119	**107**
Prepayments and accrued income	72	**81**
Other current assets	3	**5**
Amounts due from joint ventures	2	**2**
	196	**195**

The fair values of trade and other receivables approximate to their carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

As of 30 June 2018, trade receivables of €8 million (30 June 2017: €10 million) were impaired and provided for on the basis that a portion of these trade receivables is expected to be recovered.

The amount of the provision for impairment of trade receivables was €8 million as of 30 June 2018 (30 June 2017: €10 million). Total additional provisions of €8 million (30 June 2017: €9 million) relate to individual impairments of €Nil (30 June 2017: €Nil) and collective impairments of €8 million (30 June 2017: €9 million). Total reversals of unused provisions of €Nil (30 June 2017: €Nil) relate to individual impairments of €Nil (30 June 2017: €Nil) and collective impairments of €Nil (30 June 2017: €Nil).

Significant estimates and judgements

Providing for doubtful debts

The group provides services to individuals and business customers on credit terms. The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical and current experience in determining the level of debts which may not be collected. These estimates include such factors as the current state of the Irish economy and particular industry issues. If the Irish economy deteriorated or negative industry trends, there might be an increase in the estimated level of debts that may not be collected, which would negatively impact the operating results. The level of provision required is reviewed on an ongoing basis.

19. Trade and other receivables – continued

Provision for impairment of trade receivables

The following table shows the movements on the provision for impairment of trade receivables:

	30 June 2017 €m	30 June 2018 €m
At beginning of financial period	11	**10**
Charged to income statement:		
– Additional provisions	9	**8**
Utilised in the financial year	(10)	**(10)**
At end of financial period	10	**8**

The creation and reversal of provisions for impaired receivables are included in "operating costs" in the income statement.

20. Restricted cash

The restricted cash of €5 million (30 June 2017: €18 million) is in relation to cash lodged for performance guarantees of €1 million (30 June 2017: €14 million) and €4 million (30 June 2017: €4 million) security in respect of ancillary facilities. The interest earned on these deposits, after deduction of any taxation payable, is due to the group.

Performance guarantees

Performance guarantee deposits have been lodged in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts. At 30 June 2018, these include €Nil (30 June 2017: €1 million) in respect of undertakings arising in relation to the roll out of our 3G network in Ireland and €1 million (30 June 2017: €13 million) in relation to other deposits, including obligations under certain commercial contracts.

The maximum exposure to credit risk at the reporting date is €5 million (30 June 2017: €18 million).

21. Cash and cash equivalents

	30 June 2017 €m	30 June 2018 €m
Cash at bank and on hand	37	**40**
Short-term bank deposits	105	**157**
Cash and cash equivalents	142	**197**

The book value of cash and cash equivalents approximates their fair value. At 30 June 2018, the effective interest rate on short term bank deposits was -0.359%. These deposits had a weighted average maturity of 9 days.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

22. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per balance sheet	Assets at fair value through profit or loss €m	Loans and receivables €m	Total €m
Other assets	**—**	**13**	**13**
Trade receivables	**—**	**107**	**107**
Other current assets	**—**	**5**	**5**
Amounts due from joint ventures	**—**	**2**	**2**
Restricted cash	**—**	**5**	**5**
Cash and cash equivalents	**—**	**197**	**197**
At 30 June 2018	**—**	**329**	**329**
Other assets	—	14	14
Trade receivables	—	119	119
Other current assets	—	3	3
Amounts due from joint ventures	—	2	2
Restricted cash	—	18	18
Cash and cash equivalents	—	142	142
At 30 June 2017	—	298	298

The accounting policies for financial instruments have been applied to the line items below:

Liabilities as per balance sheet	Liabilities at fair value through profit or loss €m	Derivatives used for hedging €m	Loans and other liabilities €m	Total €m
Borrowings	**—**	**—**	**2,244**	**2,244**
Derivative financial instruments	**—**	**2**	**—**	**2**
Trade payables	**—**	**—**	**155**	**155**
Interest payable	**—**	**—**	**6**	**6**
Accruals	**—**	**—**	**198**	**198**
TIS Liabilities	**—**	**—**	**11**	**11**
At 30 June 2018	**—**	**2**	**2,614**	**2,616**
Borrowings	—	—	2,236	2,236
Derivative financial instruments	5	—	—	5
Trade payables	—	—	145	145
Interest payable	—	—	6	6
Accruals	—	—	150	150
TIS Liabilities	—	—	14	14
At 30 June 2017	5	—	2,551	2,556

Fair value hierarchy

The table below shows for the group's financial assets and liabilities that are recognised and subsequently measured at fair value their classification within a three-level fair value hierarchy.

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets at the balance sheet date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an arm's length basis on an ongoing basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

22. Financial instruments by category – continued

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument.

Financial liabilities held at fair value	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Derivative financial instruments	—	2	—	2
At 30 June 2018	—	**2**	—	**2**
Derivative financial instruments	—	5	—	5
At 30 June 2017	—	5	—	5

23. Borrowings

	Carrying Value		Fair Value	
	30 June 2017 €m	30 June 2018 €m	30 June 2017 €m	30 June 2018 €m
Non-current liabilities				
Bank borrowings (Facility B)	1,600	**1,600**	1,616	**1,600**
Unamortised fair value difference on borrowings	(44)	**(39)**	—	**—**
Debt modification fees	(13)	**(11)**	—	**—**
	1,543	**1,550**	1,616	**1,600**
4.5% Senior Secured Notes due 2022	700	**700**	734	**718**
Debt issue costs	(7)	**(6)**	—	**—**
	693	**694**	734	**718**
Total Borrowings	2,236	**2,244**	2,350	**2,318**

Bank borrowings (Facility B)

At 30 June 2018, the group has Senior Bank borrowings (Facility B) of €1,600 million, which are subject to a Senior Facilities Agreement, with a maturity date of 19 April 2024.

The borrowings under the Senior Facilities Agreement were recognised initially in accordance with IAS 39 at their fair value on the date of recognition, 11 June 2012, which was estimated to be 77% of the par value of the liability. The difference between the fair value on initial recognition and the amount that was payable on the maturity date is being amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39. The remaining unamortised amount at 30 June 2018 was €39 million.

In August 2016, the group used proceeds from the Senior Secured Notes tap issue to repay €201 million of the pre-existing Facility B3 Senior Bank borrowings. Also, during August 2016, the group agreed amendments to the terms of its Senior Facilities Agreement, which resulted in the total outstanding Facility B3 borrowings of €1,662 million being transferred to a new Facility B4, with identical interest (EURIBOR plus 4.5%) and repayment terms.

In October 2016, the group used its existing cash to repay €51 million of its Senior Facility borrowings and also agreed amendments to the terms of its Senior Facilities Agreement, which resulted in the total outstanding Facility B4 borrowings of €1,611 million being transferred to a new Facility B5, with interest at EURIBOR plus 4% (a reduction from EURIBOR plus 4.5% applicable to Facility B4).

In April 2017, the group repaid €11 million of its Senior Bank Borrowings from its cash reserves and entered into a new €1,600 million Senior Facilities Agreement with a maturity date of April 2024 to replace the existing

23. Borrowings – continued

Senior Facilities Agreement. The new borrowings are subject to EURIBOR plus 3.25% margin (a reduction from EURIBOR plus 4% applicable to Facility B5). The terms of the Senior Facilities Agreement have also been improved by reducing the covenant compliance framework which will allow the group greater operational flexibility in the future. The group complied with covenant tests during the year ended 30 June 2017 and the year ended 30 June 2018.

The refinancing of Facility B borrowings during the year ended 30 June 2017 included new money commitments, as well as the exchange of borrowings under the existing facilities at par. The prepayment of the existing borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €131 million in the income statement within 'finance costs'.

Senior Secured Notes

In August 2016, the group issued €200 million in additional Senior Secured Notes with a maturity date of 31 May 2022, and at an offering price of 101.5%. The €200 million issue, for which cash proceeds of €203 million were received before deduction of transaction costs, was structured as a tap issue to the €500 million Senior Secured Notes issued in June 2016. The Notes were issued by the group's wholly owned subsidiary, eircom Finance DAC. The Notes rank equally in priority of payment with the existing borrowings subject to the Senior Facilities Agreement. The Notes are subject to fixed rate cash-pay interest at 4.5% payable in semi-annual instalments in May and November each year.

Transaction costs are initially deferred and are subsequently amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39.

Fair values

The fair value of borrowings are determined by reference to quoted market prices in active markets at the balance sheet date (classified as level 1 in the fair value hierarchy).

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Bank borrowings (Facility B)	**—**	**—**	**—**	**1,600**	**1,600**
Unamortised fair value difference on borrowings	**—**	**—**	**—**	**(39)**	**(39)**
Debt modification fees	**—**	**—**	**—**	**(11)**	**(11)**
	—	**—**	**—**	**1,550**	**1,550**
4.5% Senior Secured Notes due 2022	**—**	**—**	**700**	**—**	**700**
Debt issue costs	**—**	**—**	**(6)**	**—**	**(6)**
	—	**—**	**694**	**—**	**694**
At 30 June 2018	**—**	**—**	**694**	**1,550**	**2,244**
Bank borrowings (Facility B)	—	—	—	1,600	1,600
Unamortised fair value difference on borrowings	—	—	—	(44)	(44)
Debt modification fees	—	—	—	(13)	(13)
	—	—	—	1,543	1,543
4.5% Senior Secured Notes due 2022	—	—	700	—	700
Debt issue costs	—	—	(7)	—	(7)
	—	—	693	—	693
At 30 June 2017	—	—	693	1,543	2,236

23. Borrowings – continued

Borrowing facilities

The group has a €150 million revolving credit facility, which was undrawn at 30 June 2018.

Currency

All of the group's borrowings are denominated in euro.

24. Derivative financial instruments

	Carrying Amount		Fair Value	
	30 June 2017 €m	30 June 2018 €m	30 June 2017 €m	30 June 2018 €m
Non-current liabilities				
Interest rate swaps – cash flow hedges	—	**1**	—	**1**
Current liabilities				
Interest rate swaps – cash flow hedges	—	**1**	—	**1**
Interest rate swaps – ineligible for hedge accounting	5	**—**	5	**—**
Total liabilities	5	**2**	5	**2**

The group does not use derivatives for trading or speculative purposes.

Interest rate swaps – cash flow hedges

In April 2017, the group entered into three forward starting interest rate swaps designated and eligible for hedge accounting with a total notional principal amount of €650 million for the period from 11 June 2018 to 11 June 2020. The fixed interest rate on the swaps was between 0.222% and 0.223% and the floating rate was based on Euribor. These swaps replaced the previous three year swaps which expired on 11 June 2018.

Interest rate swaps – ineligible for hedge accounting

In November 2014, the group entered into two forward starting interest rate swaps with a total notional principal amount of €1,200 million for a period of three years from 11 June 2015 to 11 June 2018. On initial recognition, the interest rate swaps were designated as cash flow hedges in accordance with IAS 39. On 11 June 2015, the group effected an amendment and extension of the terms of its Facility B borrowings and the 'Amendment and Restatement' included the introduction of a floor for LIBOR and EURIBOR of zero. There was no corresponding floor in the group's interest rate swaps and therefore, the group's interest rate swaps ceased to meet the criteria for hedge accounting under IAS 39. The fair value of these derivatives were recognised immediately in the income statement.

The unrealised gain recognised in the income statement during the year ended 30 June 2018 that arises from derivatives ineligible for hedge accounting is €5 million (30 June 2017: €8 million). These amounts have been classified in the income statement within 'finance costs'.

25. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Unused tax losses for which no deferred tax asset has been recognised were €16 million at 30 June 2018 (30 June 2017: €26 million), which would equate to a potential tax benefit of €2 million at the standard Irish corporation tax rate of 12.5%. The losses were incurred by a subsidiary undertaking which was acquired during the year ended 30 June 2016.

25. Deferred tax liabilities – continued

Recognised net deferred tax liabilities

Net deferred tax liabilities are attributable to the following

	Assets 30 June 2018 €m	Liabilities 30 June 2018 €m	Net 30 June 2018 €m
Intangibles	**—**	**(10)**	**(10)**
Property, plant and equipment	**—**	**(68)**	**(68)**
Deferred revenues	**1**	**—**	**1**
Leases	**11**	**—**	**11**
Pensions	**3**	**—**	**3**
	15	**(78)**	**(63)**

	Assets 30 June 2017 €m	Liabilities 30 June 2017 €m	Net 30 June 2017 €m
Intangibles	—	(14)	(14)
Property, plant and equipment	—	(75)	(75)
Deferred revenues	1	—	1
Leases	12	—	12
Pensions	32	—	32
	45	(89)	(44)

The movement in net deferred tax liabilities was as follows:

	1 July 2017 €m	Recognised in income statement credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2018 €m
Intangibles	**(14)**	**4**	**—**	**(10)**
Property, plant and equipment	**(75)**	**7**	**—**	**(68)**
Deferred revenues	**1**	**—**	**—**	**1**
Leases	**12**	**(1)**	**—**	**11**
Pensions	**32**	**4**	**(33)**	**3**
	(44)	**14**	**(33)**	**(63)**

	1 July 2016 €m	Recognised in income statement credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2017 €m
Intangibles	(18)	4	—	(14)
Property, plant and equipment	(86)	11	—	(75)
Deferred revenues	1	—	—	1
Leases	13	(1)	—	12
Pensions	43	4	(15)	32
	(47)	18	(15)	(44)

26. Provisions for other liabilities and charges

	TIS Annuity Scheme €m	Restructuring Costs €m	Onerous Contracts €m	Asset Retirement Obligations €m	Deferred consideration €m	Other €m	Total €m
Balance at 1 July 2016	18	—	24	60	3	37	142
Charged/(credited) to consolidated income statement:							
– Additional provisions	—	34	27	—	1	3	65
– Unused amounts reversed	—	—	(1)	—	—	(1)	(2)
– Unwinding of discount	—	—	1	—	—	—	1
Decrease in provision capitalised as asset retirement obligation	—	—	—	(9)	—	—	(9)
Utilised in the financial year	(4)	—	(8)	(1)	—	(7)	(20)
At 30 June 2017	**14**	**34**	**43**	**50**	**4**	**32**	**177**
Charged/(credited) to consolidated income statement:							
– Additional provisions	**—**	**1**	**—**	**—**	**1**	**3**	**5**
– Unused amounts reversed	**—**	**—**	**(1)**	**—**	**—**	**(2)**	**(3)**
Transfer to receivables	**—**	**—**	**—**	**—**	**—**	**5**	**5**
Increase in provision capitalised as asset retirement obligation	**—**	**—**	**—**	**3**	**—**	**—**	**3**
Utilised in the financial year	**(3)**	**(26)**	**(10)**	**(1)**	**(2)**	**(4)**	**(46)**
At 30 June 2018	**11**	**9**	**32**	**52**	**3**	**34**	**141**

Provisions have been analysed between current and non-current as follows:

	30 June 2017 €m	30 June 2018 €m
Non-current	110	**104**
Current	67	**37**
	177	**141**

(a) Temporary income stream ("TIS") annuity scheme

The eircom Limited group established an annuity scheme whereby employees participating in a voluntary termination scheme could accept payment in one lump sum or as an annuity to be paid out over a period of ten years. The group estimates the annuity liability as the present value of the fixed payment stream due to employees. At 30 June 2018, the remaining TIS annuity scheme provision is expected to be substantially utilised over a period of five years.

(b) Restructuring costs

The group has a constructive obligation at 30 June 2018 in respect of the remaining exits under a staff restructuring programme announced in April 2018 when the group announced a plan to reduce its workforce through an incentivised exit scheme for employees. The group recognised a provision of €1 million as at 30 June 2018 (30 June 2017: €34 million) to reflect the estimated costs associated with the plan.

As these are voluntary schemes, the timing of individual exits and individual staff participating requires estimation. The estimation of the cost is based on actual costs in respect of those staff who have already exited the business during the year. Changes in these estimates over the life of the current plan directly affect the income statement.

26. Provisions for other liabilities and charges – continued

(c) Onerous Contracts

The group has onerous contracts associated with vacant offices and leasehold properties, arising principally from operational restructurings. The group also has onerous contracts associated with ongoing data centre operations and in relation to the settlement of certain legal matters. At 30 June 2018, the liabilities are expected to be discharged over a period of one to fifteen years.

Significant estimates and judgements

The group has estimated the future cash outflows arising from these onerous contracts. The estimation of outflows reflect current economic conditions and estimates are used in determining the level of provisions required in respect of leasehold properties, including properties still in use. The estimation of outflows also reflects current economic conditions and judgements in respect of sub lease income on certain properties. If the group were unable to sublet the properties for the duration of the lease an additional provision of €26 million would be required in the financial statements.

(d) Asset Retirement Obligations

The group has provisions for costs arising from certain obligations in relation to the retirement and decommissioning of assets, mainly certain poles, batteries, international cable and dismantling and restoration of mobile antenna sites. It is expected that most of these costs will be paid during the period 2019 to 2033, and these anticipated cash flows are discounted using a real rate of return of between 2% and 4%.

Significant estimates and judgements

Significant judgement is required in determining the amount and timing of cash flows associated with the asset retirement obligations as some of the cash flows are anticipated up to 15 years in the future, and there has been no significant retirement or decommissioning costs incurred to date. There are also ongoing changes in legislation which impact on the group's assessment on the level of cost and the manner in which certain asset retirement obligations can be met. Any adverse changes in legislation or interpretations of existing legislation could have a significant impact on the group's estimate of its asset retirement obligations.

(e) Deferred consideration

The deferred consideration arrangement arising on the business combination in the year ended 30 June 2016 requires the group to make a payment of €3 million to the former owners of Setanta Sports Channel Ireland Limited following the acquisition of the subsidiary undertaking by the group on 1 April 2016. This liability will become due on 1 October 2018, subject to warranties set out in the Share Purchase Agreement.

The additional provision of €1 million included in the year ended 30 June 2018 (30 June 2017: €1 million) and charged to exceptionals in the income statement was paid in April 2018.

(f) Other

The group is self insured in respect of certain personal injury and damage claims for the estimated cost of incidents which have occurred up to 30 June 2018, based on a case by case review with actuarial assistance. The payments will be made as the cases are settled. The group also has provisions for costs arising from certain compliance matters, consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business.

Significant estimates and judgements

In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following: (1) the period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred, (2) the degree of probability of an unfavourable outcome, and (3) the ability to make a reasonable estimate of the amount of loss. Upon considering the above and other

26. Provisions for other liabilities and charges – continued

known relevant facts and circumstances, the group recognises any loss that is considered probable and that can be measured reliably as of the balance sheet date. In addition, the group provides for other items of an uncertain timing or amount, such as liabilities arising as a result of self-insurance and disputes with third parties, including regulatory and taxation authorities. These provisions are recognised when the group has a legal or constructive obligation as a result of past events and a reliable estimate of that obligation can be made. Estimates and judgements are used in determining the level of provisioning required and the timing of payments.

For additional information see details of the contingent liabilities set out in Note 37.

27. Trade and other payables

	30 June 2017 €m	30 June 2018 €m
Non-current liabilities: -		
Unfavourable lease contracts arising on acquisition	85	**77**
Trade payables	43	**33**
	128	**110**
Current liabilities: -		
Unfavourable lease contracts arising on acquisition	8	**8**
Trade payables	116	**133**
Interest payable	6	**6**
Other tax and social insurance payable	42	**39**
Accruals	150	**198**
Deferred income	116	**101**
	438	**485**

The fair values of trade and other payables approximate to their carrying amounts.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

28. Equity Share Capital

The share capital at 30 June 2018 and 30 June 2017 is set out below:-

As at 30 June 2018 and 30 June 2017

Authorised: Number and Class of Share	Amount €	Nominal Value per Share	Issued – presented as equity: Number and Class of Share	Amount €
10,000,000 Ordinary shares	10,000,000	€1.00 each	2 Ordinary shares	2
Equity share capital	**10,000,000**		**Equity share capital**	**2**

There were no alterations to the issued share capital of eircom Holdings (Ireland) Limited during the year ended 30 June 2018.

Rights attaching to the ordinary shares are as follows:

The Ordinary Shares carry the right to receive notice of, attend and vote at, general meetings of the Company. The Ordinary shares carry the right to receive dividends as and when declared by the Directors. On a winding-up of the Company the Ordinary shares carry the right to share in any surplus assets of the Company.

29. Reconciliation of total shareholders' equity

	Equity share capital €m	Capital Contribution €m	Cash flow hedging reserve €m	Retained earnings /(loss) €m	Total equity €m
At 1 July 2016	—	52	2	(836)	(782)
Loss for the financial year	—	—	—	(226)	(226)
Defined benefit pension scheme remeasurement gain	—	—	—	121	121
Tax on defined benefit pension scheme remeasurement gain	—	—	—	(15)	(15)
Currency translation differences	—	—	—	(1)	(1)
Capital contribution in respect of MIP equity value event	—	2	—	—	2
Dividends relating to equity shareholders	—	—	—	(1)	(1)
Balance at 30 June 2017	**—**	**54**	**2**	**(958)**	**(902)**
Loss for the financial year	**—**	**—**	**—**	**(59)**	**(59)**
Defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**267**	**267**
Tax on defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**(33)**	**(33)**
Cash flow hedges:					
– Fair value loss in year	**—**	**—**	**(2)**	**—**	**(2)**
– Transfer to income statement	**—**	**—**	**(2)**	**—**	**(2)**
Capital contribution in respect of MIP equity value event	**—**	**5**	**—**	**—**	**5**
Capital contribution in respect of long-term incentive plan	**—**	**3**	**—**	**—**	**3**
Dividends relating to equity shareholders	**—**	**—**	**—**	**(1)**	**(1)**
Balance at 30 June 2018	**—**	**62**	**(2)**	**(784)**	**(724)**

30. Cash generated from operations

Reconciliation of consolidated operating profit to net cash inflow from operating activities:

a) Cash generated from operations

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Loss after taxation	(226)	**(59)**
Addback:		
Income tax credit	(10)	**(6)**
Share of profit of joint venture	(10)	**(5)**
Finance costs – net	277	**102**
Operating profit	31	**32**
Adjustments for:		
– Profit on disposal of property, plant and equipment	(4)	**(1)**
– Depreciation and amortisation	378	**392**
– Non cash lease contracts	(7)	**(7)**
– Non cash retirement benefit charge	19	**15**
– Restructuring programme costs	52	**68**
– Other non cash exceptional items	32	**8**
– Other non cash movements in provisions	2	**—**
Cash flows relating to restructuring and provisions	(46)	**(52)**
Cash flows relating to construction contracts	(1)	**(1)**
Changes in working capital		
– Inventories	(4)	**5**
– Trade and other receivables	20	**(3)**
– Trade and other payables	(8)	**—**
Cash generated from operations	464	**456**

b) In the group cash flow statement, proceeds from sale of property, plant and equipment (PPE) comprise:

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Profit on disposal of property, plant and equipment	4	**1**
Proceeds from sale of property held on account with third party	2	**—**
Net book value of PPE disposals (Note 14)	10	**2**
Proceeds from sale of PPE	16	**3**

30. Cash generated from operations – continued

c) Net debt reconciliation

The net debt and the movements in net debt are as follows:

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Cash and cash equivalents	142	**197**
Borrowings – repayable within one year	—	**—**
Borrowings – repayable after one year	(2,236)	**(2,244)**
Net debt	(2,094)	**(2,047)**
Cash and cash equivalents	142	**197**
Gross debt – fixed interest rates	(693)	**(694)**
Gross debt – variable interest rates	(1,543)	**(1,550)**
Net debt	(2,094)	**(2,047)**

	Cash €m	Borrowings due within one year €m	Borrowings due after one year €m	Total €m
Net debt at 1 July 2017	**142**	**—**	**(2,236)**	**(2,094)**
Cash flows	**55**	**—**	**—**	**55**
Other non-cash movements	**—**	**—**	**(8)**	**(8)**
Net debt at 30 June 2018	**197**	**—**	**(2,244)**	**(2,047)**

31. Post Balance Sheet Events

There have been no significant events affecting the group since the year ended 30 June 2018.

32. Principal Subsidiaries and Joint Ventures

	Interest in Ordinary Shares at 30 June 2018	Business	Registered Office and Country of Incorporation
eircom Limited	100%	Provision of telecommunications and related services	**Registered office (Irish Branch):** 1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland. **Registered office (Jersey):** 22 Grenvile Street, St. Helier, Jersey JE4 8PX, Channel Islands.
Meteor Mobile Communications Limited	100%	Provision of mobile telecommunications and related services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom Finco Sarl	100%	Finance Company	4 Rue du Fort Wallis, L-2714 Luxembourg, Grand Duchy of Luxembourg.
eircom Finance DAC	100%	Finance Company	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Irish Telecommunications Investments DAC	100%	Telecommunications Financing and Treasury Management	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom UK Limited	100%	Provision of Telecommunications and Related Services	Davenport House, 16 Pepper Street, Glengall Bridge, London E14 9RP, UK.
eircom Sport Limited	100%	Provision of Television Programme Services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Tetra Ireland Communications Limited (Joint venture)	56%	Build and Operate National Digital Radio Services Network	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.

33. Employees

The total number of persons employed by the group as at 30 June 2018 and 30 June 2017 were as follows:-

	30 June 2017	30 June 2018
Fixed line		
Operations/Technical	2,072	**1,825**
Sales/Customer Support	617	**482**
Administration	266	**192**
Total	2,955	**2,499**
Mobile		
Operations/Technical	121	**97**
Sales/Customer Support	173	**180**
Administration	30	**22**
Total	324	**299**
Total fixed line and mobile	3,279	**2,798**

Certain employees work in both the fixed and mobile businesses. The employee numbers are based on the entity that entered into the employment contract with the individual employees. The employee costs are recharged between the fixed and mobile segments based on estimates of the time spent by individual employees on fixed and mobile activities.

34. Retirement benefit liability

(a) The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature.

The total group pension charge is split between the schemes as follows:

	Notes	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Defined Benefit Schemes (the principal scheme)			
Operating costs – staff pension costs	7	34	**30**
Exceptional – restructuring programme costs	8	2	**6**
Finance costs – net interest cost on net pension liability	10	6	**5**
Defined Benefit Schemes		42	**41**
Defined Contribution Schemes	7	5	**5**
Total		47	**46**

Defined Benefit Schemes

The group sponsors a defined benefit scheme for members in Ireland, the eircom Main Superannuation Scheme. In the year ended 30 June 2014, the group established a separate, limited scope ancillary scheme, the eircom Limited early retirement pension scheme ('Early Retirement Trust'). At 30 June 2018, the eircom Main Superannuation Fund accounts for in excess of 99% of the group's defined benefit obligations measured in accordance with IAS 19 (Revised) "Employee Benefits".

The defined benefit schemes are funded and the assets of the schemes are held in separate trustee administered funds, the eircom Main Superannuation Fund and the Early Retirement Trust.

Regulatory Framework

The group operates the defined benefit plans under broadly similar regulatory frameworks. Benefits under the Schemes are paid to members from a fund administered by Trustees, who are responsible for ensuring

34. Retirement benefit liability – continued

compliance with the Pensions Act 1990 and other relevant legislation. Plan assets are held in trusts and are governed by local regulations and practice in each country.

eircom Main Superannuation Scheme

The Scheme is closed to new entrants. However, benefits continue to accrue to members in active service, and benefits in deferment and in payment are subject to discretionary increases on the part of the group.

Retirement benefits under the Main Superannuation Scheme are calculated by reference to pensionable service and pensionable salary at normal retirement date. Principal benefits comprise of:

(i) Retirement pension, calculated at 1/80th of pensionable pay for each year of reckonable service, up to a maximum of 40/80ths (that is, half pensionable pay). Pensionable pay in most cases is made up of a member's wages or salary at the last day of service plus certain pensionable allowances

(ii) Retirement gratuity (also known as "lump-sum"), calculated at 3/80th of pensionable pay for each year of reckonable service, up to a maximum of 120/80ths (that is, one and a half times pensionable pay).

(iii) Death gratuity, for in-service members, of at least one year's pensionable pay subject to a limit of one and a half times pensionable salary calculated in the same manner as the retirement gratuity.

On an ongoing basis, the Scheme's liabilities consist of obligations to make benefit payments to current and potential future beneficiaries.

As a result of the Pensions Accord, agreed with Trade Unions in 2010, pension increases, if any, will be capped at the lowest of the following:

- the percentage increase in actual pay awarded;
- the percentage increases in consumer prices in the year as measured by the Consumer Price Index (CPI) published by the CSO for the prior year to 31 December; and
- a specified maximum annual increase as follows:
  - 4.00% in 2017
  - 3.25% in each of 2018, 2019 and 2020
  - 2.50% in each year thereafter

Early Retirement Trust

The Early Retirement Trust was established in the year ended 30 June 2014 to provide benefits to staff exiting under the Incentivised Exit Programme who opted to avail of an enhanced early retirement option with up to five years added service. In addition to their pre-existing membership of the eircom Main Superannuation Scheme, those individuals became members of the Early Retirement Trust, which provides fixed pension benefits between the last day of service and age sixty. At age sixty, benefits from the Early Retirement Trust cease and the preserved benefits under the eircom Main Superannuation Scheme become payable. The Early Retirement Trust is closed to future accrual of benefits.

eircom Main Superannuation Scheme Actuarial Valuation and Funding

The actual contribution rate in respect of the principal scheme is 8.5% of pensionable emoluments, subject to a floor of €8.5 million payable in any given year for the period from 1 October 2016 to 30 September 2019, as advised by the group's actuaries. The last actuarial valuation of the principal scheme was carried out using the attained age method, as at 30 September 2016, by Mercer, who are actuaries to the Scheme but are neither officers nor employees of the group. The actuarial method used involved determining an appropriate future group contribution rate designed to fund the projected liabilities of the Scheme related to service subsequent to 1 January 1984 (see Note 34 (b)) over the remaining working lifetime of the current members.

34. Retirement benefit liability – continued

The actuarial valuation as at 30 September 2016 was determined by reference to the following critical assumptions: (1) an assumed rate of pensionable pay and pension inflation of 1.47% per annum from 30 June 2018 and (2) an assumed rate of investment return of 2.12%. At the date of the last actuarial valuation, the market value of the pension scheme assets was €4,413 million, and the actuarial valuation of the assets attributable to the pension fund was sufficient to meet more than 100% of the value of the scheme's accrued liabilities making due allowance for future increases in salaries and pensions.

The actuarial valuation report also indicated that the Scheme met the Minimum Funding Standard as at 30 September 2016, and included a completed Actuarial Funding Certificate confirming this outcome. The actuarial report is available for inspection by the members of the scheme at 1 Heuston South Quarter, St. John's Road, Dublin 8. The actuarial report is not available for public inspection.

While it is intended that the next scheduled formal valuation of the Scheme will be undertaken at 30 September 2019, the financial position of the Scheme may need to be reviewed if a significant event occurs which materially affects either the financial position of the Scheme or the Trustees' funding policy.

Mercer also perform all annual valuations required under IAS 19 "Employee Benefits". These valuations are performed on the projected unit basis.

Defined Benefit Schemes obligations

The status of the defined benefit schemes, as measured in accordance with IAS 19 (Revised) "Employee Benefits", is as follows:

	30 June 2017 €m	30 June 2018 €m
Present value of funded obligations	4,455	**4,311**
Fair value of scheme assets	(4,197)	**(4,288)**
Liability recognised in the Balance Sheet	258	**23**

Reconciliation of defined benefit obligation	30 June 2017 €m	30 June 2018 €m
At beginning of financial period	4,730	**4,455**
Current service cost	33	**29**
Interest cost	77	**92**
Past service costs and curtailment losses	2	**6**
Remeasurements:		
– Gain from change in demographic assumptions	—	**(142)**
– (Gain)/loss from change in financial assumptions	(232)	**80**
– Experience gain	(49)	**(95)**
Contributions by employees	7	**7**
Benefits paid	(113)	**(121)**
Total – Defined benefit obligation	4,455	**4,311**

Defined benefit obligation by member status	30 June 2017 €m	30 June 2018 €m
Actives	1,231	**1,209**
Vested deferreds	1,317	**1,298**
Retirees	1,907	**1,804**
Total – Defined benefit obligation	4,455	**4,311**

34. Retirement benefit liability – continued

Reconciliation – Fair value of plan assets	**30 June 2017 €m**	**30 June 2018 €m**
At beginning of financial period	4,384	**4,197**
Interest income on plan assets	71	**87**
Administration costs	(1)	**(1)**
Remeasurements: Return on plan assets, excluding amounts included in interest income	(160)	**111**
Contributions paid by group	9	**8**
Contributions by employees	7	**7**
Benefits paid	(113)	**(121)**
Total – Fair value of plan assets	4,197	**4,288**

The components of the amounts recognised in the income statement are as follows:

	Year ended 30 June 2017 €m	**Year ended 30 June 2018 €m**
Current service cost	33	**29**
Administration costs	1	**1**
Interest on obligation	77	**92**
Interest income on plan assets	(71)	**(87)**
Total net charge included in the income statement excluding restructuring	40	**35**
Past service costs and curtailment losses	2	**6**
Total net charge included in the income statement	42	**41**
Actual return on scheme assets	(89)	**198**

The expected contribution level for the year ended 30 June 2019 for the defined benefit scheme is €9 million.

The weighted average duration of scheme liabilities at 30 June 2018 was estimated to be 16 years (30 June 2017: 17 years).

Pension scheme assets

The fair value of scheme assets as at 30 June 2018 was €4,288 million (30 June 2017: €4,197 million).

The table below presents a breakdown of the various types of investment in which the pension assets are invested:

	30 June 2017				**30 June 2018**			
	Quoted €m	**Unquoted €m**	**Total €m**	**%**	**Quoted €m**	**Unquoted €m**	**Total €m**	**%**
Equities & other assets	196	223	419	10%	**214**	**77**	**291**	**7%**
Bonds	2,775	328	3,103	74%	**3,300**	**—**	**3,300**	**77%**
Property	—	647	647	15%	**—**	**543**	**543**	**13%**
Cash	—	28	28	1%	**—**	**154**	**154**	**3%**
Total pension assets	2,971	1,226	4,197	100%	**3,514**	**774**	**4,288**	**100%**

34. Retirement benefit liability – continued

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2017	At 30 June 2018
Rate of increase in salaries	1.55%	1.65%
Rate of increase in pensions in payment	1.55%	1.65%
Discount rate	2.10%	2.10%
Inflation assumption	1.65%	1.85%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	88 years	87 years
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old female	90 years	89 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old male	91 years	90 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old female	93 years	91 years

The above assumptions reflect the imposition of a cap on the increases in pensionable pay to the lower of CPI, salary inflation or agreed fixed annual rates.

Sensitivity of defined benefit obligation to key assumptions

The table below sets out the sensitivity of defined benefit obligation to changes in key assumptions:

	Change in Assumption	Impact on actuarial liabilities
Discount rate	0.25% increase	**(163)**
Rate of increase in salaries and pensions in payment	0.25% increase	**173**
Life expectancy	1 year increase	**159**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, a change in one assumption could impact on other assumptions due to the relationship between assumptions.

Risks and risk management

Through its defined benefit pension schemes, the group is exposed to a number of areas of risk. The key areas of risk, and the ways in which the group has sought to manage them, are set out below.

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funds hold a certain proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

There is also an element of credit risk attaching to the bond portfolio and currency risk to the extent that assets are denominated in currencies other than the euro and are not correspondingly hedged.

Changes in bond yields

From an accounting liability perspective, the schemes are also exposed to movements in corporate bond spreads. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

34. Retirement benefit liability – continued

Inflation risk

The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plans against high inflation.

Life expectancy

The majority of the schemes' obligations are to provide a pension for the life of the member and that of the member's widowed spouse, which means that increases in life expectancy will result in an increase in the plans' liabilities.

Significant estimates and judgements

Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs

The group operates a funded defined benefit scheme, which is independent of the group's finances, for the majority of employees. Valuations of the main scheme are carried out by the scheme actuaries. The rates of contribution payable and the pension cost are determined on the advice of the actuaries. The cost of these benefits and the present value of the pension liabilities depend on the assumptions made in respect of such factors as the life expectancy of the members of the scheme, the salary progression of current employees, and the interest rate at which the future pension payments are discounted. The group uses estimates for all of these factors in determining the pension costs, surpluses or deficits arising on acquisitions and assets and liabilities reflected in the financial statements.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The group agreed certain caps in 2010 on future increases in pensionable salaries. The maximum increase in any given year is set at the lower of pre-determined fixed annual rates, the rate of CPI or salary inflation. However, there is still a significant level of uncertainty in relation to ultimate pensionable salaries that will apply in determining benefits payable. Differences between assumptions made and actual experience and changes in assumptions made also impact on pension charges. The effect of changes in assumptions on the pension scheme valuation is shown in the above sensitivity analyses.

(b) The Irish Minister for Finance is responsible for meeting and discharging the liability of: (i) the pension costs of former staff of the Irish Department of Posts and Telegraphs who retired or died before the vesting Day (1 January 1984); (ii) costs in respect of the pension entitlements, related to pre-vesting day reckonable service, of staff who transferred to eircom from the Irish Civil Service. Such benefit payments are made from the eircom Number 2 Pension Fund, which was established in March 1999 and received a contribution of €1,016 million from the Irish Minister for Finance in accordance with arrangements set out in the eircom Superannuation (Amendment) Scheme, 1999. However, the Minister retains full liability for these payments.

35. Operating lease commitments

At 30 June 2018, the group had operating lease contractual obligations and commitments in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years. The total contracted payments due on operating leases are as follows:-

	30 June 2017 €m	30 June 2018 €m
Payable:		
No later than one year	37	**38**
Later than one year but no later than five years	98	**87**
Later than five years	192	**171**
	327	**296**

36. Credit guarantees and securities

Credit guarantees

The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings.

Senior Credit Facility

At 30 June 2018 eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €1.6 billion of eircom Finco Sarl pursuant to the Senior Credit Facility of eircom Holdings (Ireland) Limited Group. The group also has an undrawn €150 million revolving credit facility.

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group consists of a €1.6 billion term loan and €150 million undrawn revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The guarantees rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Senior Credit Facility, including the guarantee of the Senior Secured Notes. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement. The Senior Credit Facility is secured by pledges over the shares in eircom Holdings (Ireland) Limited, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl, and fixed and floating charges over the assets of eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Mobile Communications Limited and eircom UK Limited, subject to certain exclusions specified in the security documents. The companies guaranteeing the Senior Credit Facility are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Senior Secured Notes

eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €700 million of eircom Finance DAC, a subsidiary of the group, pursuant to the Senior Secured Notes issued in June and August 2016.

The guarantees are general senior obligations of each guarantor and rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Notes, including the guarantee of the Senior Credit Facility. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement.

The Senior Secured Notes are secured by pledges over the equity interests in eircom Finance DAC and each Guarantor, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl and fixed and floating charges over the assets of the guarantors, subject to certain exclusions specified in the security documents. The guarantors of the Senior Secured Notes are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Hedging obligations

The group has entered into derivative financial instruments which are subject, amongst other things, to an Intercreditor Agreement. In accordance with this agreement, the liabilities to hedging counterparties rank in priority to liabilities arising under the Senior Credit Facility and Senior Secured Notes in the event of enforcement action.

Tetra Securities

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group and the Senior Secured Notes of eircom Finance DAC are secured by a second pledge over eircom Limited's shares of Tetra.

37. Contingent liabilities

Enforcement by ComReg

On 16 November 2016, eircom Limited received five opinions of non-compliance from ComReg. On 20 June 2017, ComReg issued enforcement proceedings in the High Court, filed two notices of motion seeking declarations of non-compliance with the Access Regulations (The European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011) ("the Access Regulations") for five alleged breaches and orders seeking financial penalties. One notice of motion relates to case 568 and the other to case 481. The penalties sought in the High Court were substantially reduced from those originally indicated by ComReg in their correspondence in November 2016. On 3 July 2017, the proceedings were moved into the Commercial List of the High Court.

In response, eircom Limited commenced proceedings on 30 June 2017 against the Minister for Communications, Climate Action and Environment and others seeking to quash the financial penalty provisions of the Access Regulations on which the ComReg claim is relying in its enforcement proceedings against eircom Limited. The ComReg proceedings have been stayed pending the outcome of the proceedings against the Minister for Communications, Climate Action and Environment, Ireland and the Attorney General.

The hearing on this matter was due to commence in the High Court in June 2018 however, ComReg and eircom Limited are in discussions on a possible agreed resolution of the litigation. As a result, ComReg, together with eircom Limited and the State, have jointly approached the High Court and requested the hearing date be vacated to allow time for further discussions to continue. The High Court has consented to this request.

If an agreed resolution cannot be reached by both parties the case taken by eircom Limited seeking to quash the financial penalty provisions of the Access Regulations is next due for mention in Court on 8 October 2018 where the group will be seeking a hearing date for the proceedings in the next Court term.

The group believes it has a strong defence to the ComReg proceedings and intends to defend them vigorously.

Other

Other than as disclosed above, a number of other lawsuits, claims and disputes with third parties including regulatory and taxation authorities have arisen in the normal course of business. While any litigation or dispute with regulatory and tax authorities has an element of uncertainty, the Directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

38. Commitments

Capital commitments of the group which have been contracted for were €20 million at 30 June 2018 (30 June 2017: €53 million).

Network share agreement with Three

Three and the group signed a network sharing agreement in August 2015. At the end of 2016, all commercially beneficial site consolidation was fully complete and the opportunity for further commercial synergy was limited. The network sharing agreement remains as is to 2030 and both organisations collaborate on all existing shared sites.

The network sharing agreement between Three and the group is determined to be a joint operation in accordance with the guidance in IFRS 11. The group accounts for its own rights and obligations as well as its share of any joint rights and obligations.

39. Related party transactions

The following transactions were carried out with related parties:

a) Key management compensation

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Salaries and other short-term employee benefits	6.3	**6.2**
Other long-term employee benefits	—	**1.3**
Post-employment benefits	0.3	**0.7**
	6.6	**8.2**
Termination benefits	3.4	**3.4**
Share based payments	2.0	**4.6**
	12.0	**16.2**

Management and long-term incentive plans

The management incentive plan ("MIP") was initiated in the year ended 30 June 2013 by the group's immediate parent company, eircom Holdco S.A., for certain directors and senior executives in the group. During the year ended 30 June 2018, the group recognised a final charge of €5 million (30 June 2017: €2 million) in its income statement, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the immediate parent company, eircom Holdco S.A., to the group's employees. These instruments settle on vesting by eircom Holdco S.A., and there is no obligation for the group to make any cash payments.

Also during the year ended 30 June 2018, the group recognised a charge of €3 million in its income statement in respect of a long-term incentive plan ("LTIP") for certain group employees.

A cumulative capital contribution of €62 million is recorded on the balance sheet as at 30 June 2018 (30 June 2017: €54 million).

As of 30 June 2018, the MIP and LTIP awards were fully vested and there is no additional charge expected in the future.

b) Other related parties transactions

During the year ended 30 June 2015, the group advanced loans totalling €14 million to the immediate parent company, eircom Holdco S.A. and eircom MEP STAR Trust. The amount outstanding at 30 June 2018 is €13 million (30 June 2017: €14 million).

During the year ended 30 June 2018, the group provided transmission and infrastructure services and recharged operating costs incurred on behalf of Tetra Ireland Communications Limited of €5.2 million (30 June 2017: €6.1 million). The amount outstanding in respect of these costs is €2 million at 30 June 2018 (30 June 2017: €1.9 million).

40. Standards, interpretations and amendments not yet adopted

Certain new standards, interpretations and amendments have been published that are not mandatory for the group's 30 June 2018 reporting period and have not been early adopted by the group. The group's assessment of the impact of these is set out below.

IFRS 9, 'Financial instruments'. (Effective for annual periods beginning on or after 1 January 2018). The new standard principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple

40. Standards, interpretations and amendments not yet adopted – continued

classification models in IAS 39 with a model that has two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets. IFRS 9 removes the requirement to separate embedded derivatives from financial asset host instruments and the cost exemption for unquoted equities. IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognised.

The group has considered the requirements of the new standard and has concluded that IFRS 9 will not have a material impact on the group's provisioning for credit losses on financial assets. However, as the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities will result in a restatement of the effective interest charges arising from the amortisation of transaction costs and initial fair value adjustments for prior periods.

IFRS 15, 'Revenue from Contracts with Customers'. (Effective for periods beginning on or after 1 January 2018). IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue Standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition: IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The group has identified significant and material changes in its financial reporting upon implementation of the new standard, more specifically:

- Under current revenue accounting policies applied by the group, when allocating revenue to deliverables, amounts contingent upon provision of future service are not allocated to delivered elements. This will no longer be the case under IFRS 15, and the group will therefore be required to recognise additional revenue at the time of transfer of subsidised handsets sold directly to customers in conjunction with a service contract, and less revenue as services are delivered over the service contract term.
- To the extent that unbilled revenue is recognised upon delivery of handsets, this will be reflected in the balance sheet as a contract asset, which will be subject to ongoing impairment review. Where revenue is recognised earlier than under current standards, impairment charges and tax charges will similarly be recognised earlier.
- IFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. The group will recognise contract assets for (i) the incremental costs of obtaining a contract and (ii) costs incurred to fulfil a contract, to the extent that those costs are expected to be recovered. Once a performance obligation is satisfied, any related contract costs must be recognised in the income statement, The group has identified that certain of its contract acquisition and fulfilment costs, which are currently expensed to the income statement as incurred, but which will be deferred on the balance sheet under IFRS 15 and amortised as revenue is recognised under the related contract. Costs within the scope of this change include, amongst others, commissions payable to dealers for the acquisition and retention of mobile subscribers and the costs of providing fixed line and mobile services that do not currently meet the criteria for recognition as assets under other standards;
- The accounting for subscriber acquisition costs in the Mobile segment will be impacted by whether or not the company has acted as principal in satisfying the delivery of the subsidised handset to the customer. The new standard also includes updated guidance on identifying the principal where an intermediary is party to a

40. Standards, interpretations and amendments not yet adopted – continued

transaction. This guidance places emphasis on control of goods prior to delivery to the customer, which contrasts with the IAS 18 guidance which focussed on the bearer of the substantial risks and rewards associated with the transaction. Such accounting is subject to change in line with commercial practices put in place between the group and its partners, but under existing arrangements the group does not act as principal where handsets are supplied by third parties.

At the singular contract level, for example, where a subsidised Mobile handset is sold in conjunction with an airtime contract, the effect of the above changes is expected to result in increased initial profit, or reduced initial loss, though this will reduce the subsequent profit reported during the remainder of the contract, and these timing differences will not impact the total profit reported for a customer contract over the total contract term.

Notwithstanding the expectation that at a singular contract level, initial profit may increase with lower subsequent profit over the contract term, the requirement to retrospectively apply the standard will mean that the increase in initial profit for new contracts in any given financial period will be offset by the reduction in subsequent profit arising from existing contracts. This may have the effect of leading to a net reduction in profit for any given reportable period by comparison with how such profit would have been measured in accordance with existing IFRS.

The group also anticipates that, based on the tax legislation currently in force, the prospective deferral of cost and advance recognition of revenue will result in increased current tax charges in the years immediately following adoption.

The group anticipates that at the adoption date, it will recognise a contract asset by way of increase to retained earnings. In the Fixed Line segment, this contract asset will largely be represented by costs previously expensed in full in respect of sales commissions and customer premises broadband installation costs. In the Mobile segment, this asset will largely be represented by costs previously expensed in respect of subsidised handsets supplied to customers and commissions payments to third parties for the acquisition of customers.

IFRS 16, 'Leases'. (Effective for periods beginning on or after 1 January 2019). IFRS 16 specifies how an entity will recognise, present and disclose leases and will replace the previous lease Standard: IAS 17 Leases. IFRS 16 will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The new standard will however, include two recognition exemptions for leases: (i) leases of 'low-value' assets and (ii) short term leases. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events e.g. a change in the lease term. Lessor accounting will remain substantially unchanged under the new standard. Lessors will continue to classify all leases using the same classification principle as currently exists under IAS 17. The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the changes are expected to have an impact on the consolidated income statement and consolidated statement of financial position. The largest single impact of the standard is expected to be the increase in total assets and total liabilities arising from the recognition of lease assets and liabilities in respect of leases of land and buildings which are currently accounted for as operating leases under IAS 17, off-balance sheet, and for which outstanding commitments at the balance sheet date are currently only disclosed in the notes to the financial statements. On the income statement, the charges for operating leases are expected to be classified as depreciation and finance costs under the new standard, by contrast with their recognition as operating costs under IAS 17.

There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

41. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors on 3 September 2018.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EHIL FOR THE YEAR ENDED JUNE 30, 2017

Independent non-statutory auditors' report to the Directors of eircom Holdings (Ireland) Limited

Report on the audit of the non-statutory group financial statements

Opinion

In our opinion:

- eircom Holdings (Ireland) Limited's group non-statutory financial statements (the "financial statements") give a true and fair view of the group's assets, liabilities and financial position as at 30 June 2017 and of the group's loss and cash flows for the year then ended; and
- the non-statutory group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

We have audited the financial statements, included within the Annual Report for Bondholders, which comprise:

- the group balance sheet as at 30 June 2017;
- the group income statement and the group statement of comprehensive income for the year then ended;
- the group statement of changes in equity for the year then ended;
- the group cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the groups' ability to continue as a going concern.

Reporting on other information

Other Information

The other information comprises all of the information in the Annual Report for Bondholders other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities for Financial Statements set out on page F-4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate or to cease operations of the group, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body for management purposes in accordance with our engagement letter dated 13 April 2017 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Other matter

We draw attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the statutory financial statements.

PricewaterhouseCoopers
Chartered Accountants
Dublin
13 September 2017

eircom Holdings (Ireland) Limited

Statement of Directors' Responsibilities for Financial Statements
For the Year Ended 30 June 2017

The Directors are responsible for preparing the non-statutory consolidated financial statements for the bondholders in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and for being satisfied that they give a true and fair view of the state of the group's affairs at the end of the financial year and of the profit or loss and cash flows of the group for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements comply with IFRS, as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These non-statutory consolidated financial statements have been approved for issue by the Directors on 13 September 2017.

eircom Holdings (Ireland) Limited

Group income statement
For the Year Ended 30 June 2017

	Notes	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Revenue	6	1,294	**1,283**
Operating costs excluding amortisation, depreciation and exceptional items	7	(810)	**(786)**
Amortisation	7, 13	(88)	**(108)**
Depreciation	7, 14	(280)	**(270)**
Exceptional items	7, 8	(68)	**(92)**
Profit on disposal of property, plant and equipment	7, 9	7	**4**
Operating profit		55	**31**
Finance costs	10 (a)	(226)	**(277)**
Finance income	10 (b)	—	**—**
Finance costs – net	10	(226)	**(277)**
Share of profit of investments accounted for using the equity method		2	**10**
Loss before tax		(169)	**(236)**
Income tax credit	11	11	**10**
Loss for the financial year attributable to equity holders	29	(158)	**(226)**

Group statement of comprehensive income
For the Year Ended 30 June 2017

	Notes	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Loss for the financial year attributable to equity holders	29	(158)	**(226)**
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Defined benefit pension scheme actuarial gains:			
– Actuarial gain in year	34	112	**121**
– Tax on defined benefit pension scheme actuarial gains	16, 25	(14)	**(15)**
		98	**106**
Items that may be reclassified subsequently to profit or loss			
Net changes in cash flow hedge reserve:			
– Fair value gain in year	29	2	**—**
Currency translation differences	29	(1)	**(1)**
		1	**(1)**
Other comprehensive income, net of tax		99	**105**
Total comprehensive expense for the financial year attributable to equity holders	29	(59)	**(121)**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group balance sheet
As at 30 June 2017

	Notes	30 June 2016 €m	30 June 2017 €m
ASSETS			
Non-current assets			
Goodwill	12	212	**212**
Other intangible assets	13	429	**355**
Property, plant and equipment	14	1,451	**1,434**
Investments	15	4	**3**
Deferred tax asset	16	4	**3**
Other assets	17	15	**15**
		2,115	**2,022**
Current assets			
Inventories	18	12	**16**
Trade and other receivables	19	222	**196**
Restricted cash	20	10	**18**
Cash and cash equivalents	21	148	**142**
		392	**372**
Total assets		2,507	**2,394**
LIABILITIES			
Non-current liabilities			
Borrowings	23	2,140	**2,236**
Derivative financial instruments	24	7	**—**
Trade and other payables	27	147	**128**
Deferred tax liabilities	25	47	**44**
Retirement benefit liability	34	346	**258**
Provisions for other liabilities and charges	26	108	**110**
		2,795	**2,776**
Current liabilities			
Derivative financial instruments	24	6	**5**
Trade and other payables	27	454	**438**
Current tax liabilities		—	**10**
Provisions for other liabilities and charges	26	34	**67**
		494	**520**
Total liabilities		3,289	**3,296**
EQUITY			
Equity share capital	28, 29	—	**—**
Capital contribution	29	52	**54**
Cash flow hedging reserve	29	2	**2**
Retained loss	29	(836)	**(958)**
Total equity	29	(782)	**(902)**
Total liabilities and equity		2,507	**2,394**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group cash flow statement
For the Year Ended 30 June 2017

	Notes	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Cash flows from operating activities			
Cash generated from operations	30	461	**464**
Interest paid		(133)	**(105)**
Income tax (paid)/refund		(17)	**8**
Net cash generated from operating activities		311	**367**
Cash flows from investing activities			
Acquisition of subsidiary undertaking, net of cash acquired		(22)	**—**
Purchase of property, plant and equipment ("PPE")		(227)	**(273)**
Purchase of intangible assets		(66)	**(42)**
Proceeds from sale of PPE		9	**16**
Dividend received from joint arrangement		—	**11**
Restricted cash		(1)	**(8)**
Net cash used in investing activities		(307)	**(296)**
Cash flows from financing activities			
Dividends paid to equity shareholders		(1)	**(1)**
Repayment on borrowings		(2,489)	**(1,061)**
Repayment of discount on borrowings		(37)	**(317)**
Proceeds from loan borrowings		2,367	**1,115**
Proceeds from issuance of 4.5% Senior Secured Notes		500	**200**
Premium on issuance of 4.5% Senior Secured Notes		—	**3**
Repayment of 9.25% Senior Secured Notes		(350)	**—**
Cost on redemption of 9.25% Senior Secured Notes		(16)	**—**
Debt issue costs		(9)	**(3)**
Fees paid in respect of Revolving Credit Facility		(3)	**(1)**
Debt modification fees		(4)	**(12)**
Net cash used in financing activities		(42)	**(77)**
Net decrease in cash, cash equivalents and bank overdrafts		(38)	**(6)**
Cash and cash equivalents and bank overdrafts at beginning of financial year		186	**148**
Cash, cash equivalents and bank overdrafts at end of financial year	21	148	**142**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group statement of changes in equity
For the Year Ended 30 June 2017

	Notes	Total Equity €m
Balance at 1 July 2015	29	(727)
Total comprehensive expense for the financial year	29	(59)
Capital contribution in respect of MIP equity value event	29	5
Dividends relating to equity shareholders	29	(1)
Balance at 30 June 2016	29	(782)
Balance at 1 July 2016	29	**(782)**
Total comprehensive expense for the financial year	29	**(121)**
Capital contribution in respect of MIP equity value event	29	**2**
Dividends relating to equity shareholders	29	**(1)**
Balance at 30 June 2017	29	**(902)**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Notes to the Financial Statements
For the Year Ended 30 June 2017

1. General information

eircom Holdings (Ireland) Limited and its subsidiaries together ("the group" or "eircom Holdings (Ireland) Limited group" or "EHIL Group"), provide fixed line and mobile telecommunications services in Ireland.

eircom Holdings (Ireland) Limited group was incorporated on 23 April 2012 and directly holds 100% of the issued share capital of two principal subsidiaries: eircom Finco Sarl and eircom Limited. eircom Holdings (Ireland) Limited incorporated eircom Finco Sarl, a company registered in Luxembourg, on 24 May 2012.

On 11 June 2012, eircom Holdings (Ireland) Limited acquired 100% of the issued share capital of eircom Limited for €1.00 pursuant to a Scheme of Arrangement approved by the Irish High Court. The principal trading activities of the group are undertaken by eircom Limited and its subsidiaries. eircom Limited is the incumbent telecommunications operator in the Republic of Ireland.

Eircom Holdco SA, a company registered in Luxembourg, is the immediate and ultimate holding company.

2. Going concern

The financial statements have been prepared on the going concern basis.

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group will be in a position to meet its obligations as they fall due for the foreseeable future.

Having made due enquiries, the Directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

The significant accounting policies adopted by the group are set out below.

3.1. Basis of preparation

The entity and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis (see Note 2). A summary of the more important accounting policies is set out below.

The financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- pension obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets are valued at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed throughout the Notes.

3. Accounting policies – continued

Standards, amendments and interpretations effective for the year ended 30 June 2017

There were no standards, amendments or interpretations effective for the year ended 30 June 2017 that had a material impact on the group.

3.2. Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of eircom Holdings (Ireland) Limited and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of eircom Holdings (Ireland) Limited included in the financial statements.

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Joint arrangements*

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The group holds 56% of the equity share capital in Tetra Ireland Communications Limited ("Tetra"). However, the group's interest in Tetra is subject to a contractual agreement with other shareholders, which prevents the group from exercising a majority of voting rights in key strategic, operational and financial decision-making. Accordingly, the group's interest is accounted for as a joint venture in accordance with IFRS 11 'Joint Arrangements'.

The group's interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The group's joint venture' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being

3. Accounting policies – continued

the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

(iv) Disposals

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

(v) Acquisitions involving entities under common control

Business combinations involving entities under common control are not required to be accounted for using the purchase accounting method under IFRS. The group instead applies the predecessor accounting method for such transactions. Under the predecessor accounting method, which is also commonly referred to as the merger accounting method, the assets and liabilities acquired are recognised at the acquisition date at the carrying values stated in the consolidated financial statements of the highest entity which has common control for which consolidated IFRS financial statements are prepared. The goodwill recognised is limited to the goodwill previously recognised in the consolidated financial statements of the highest entity which has common control. The difference between the consideration and the net assets recognised at predecessor value is charged/credited to the merger reserve, in equity. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

3.3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities recognised of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill may not be reversed in any circumstances.

Goodwill is allocated to cash generating units for the purpose of impairment testing in accordance with IAS 36 "Impairment of Assets". The allocation is made to cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. These calculations require the use of estimates, including management's expectations of future revenue, operating costs, profit margins and capital requirements for each cash generating unit.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.4. Intangible assets

Acquired computer software licences and associated costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. IT development costs include only those costs directly attributable to the development phase and are only capitalised following completion of a technical feasibility study and where the group has an intention and ability to use the asset which will contribute future period financial benefits through revenue generation and/or cost reduction. Internal costs associated with developing computer software programmes are also capitalised on the same basis. These costs are amortised over their estimated useful lives (three to four years). Costs associated with the upgrade of computer software programmes which increase the functionality of computer software or related assets are capitalised.

3. Accounting policies – continued

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Licence fees paid to the government, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period.

Other intangible assets, which comprise primarily acquired intangible assets, are capitalised at fair value and amortised using the straight-line method over their estimated useful lives, from the date the intangible assets are in use.

The following useful lives have been assigned to intangible assets:

	Years
Computer software	3 – 4
Intangible assets from acquisitions:	
Trademark (Fixed)	5
Contracts and related customer relationships (Fixed)	2
TV content rights (Fixed)	3
Mobile licences	15 – 18.5[1]

[1] Spectrum licences are amortised over the term of the relevant licences.

Intangible assets not yet available for use are tested for impairment in accordance with IAS 36 "Impairment of Assets" in the same manner as goodwill (see 3.3 above).

3.5. Segmental reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team, which is the key management team that makes strategic decisions.

3.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Amounts disclosed as revenue are net of discounts and value added tax. Revenue includes sales by group entities but excludes all inter-company sales.

The group recognises revenue when the amount of the revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the actual terms of each arrangement.

The group is required to interconnect its networks with other telecommunications operators. In some instances, as is normal practice in the telecommunications industry, reliance is placed on other operators to measure the traffic flows interconnecting with the group's networks. In addition, the prices at which services are charged are often regulated and can be subject to retrospective adjustment. Estimates are used in these cases to determine the amount of income receivable from, or payments required to be made to, these other operators and to establish appropriate provisions.

When the group acts as principal bearing the risk and rewards of a transaction, revenue is recorded on a gross basis. However when the group acts as an agent on behalf of third parties, revenue is reported at the net amounts receivable from those third parties.

3. Accounting policies – continued

Fixed Line Revenue

Fixed line revenue is recognised in the period earned by rendering of services or delivery of products. Fixed line revenues largely comprise access (rental and connections), voice traffic, data services and managed services.

Traffic revenue is recognised at the time the traffic is carried over the group's networks. Revenue from rentals is recognised evenly over the period to which the charges relate. Bundled products (broadband, line rentals and traffic) are accounted for in the same manner as the unbundled products comprising the bundle.

Connection fee revenue is deferred over the life of the connection, which is estimated to be between four and five years. Connection lives are reviewed annually.

Revenue from equipment sold to third parties is recognised when the equipment is delivered to the customer. Revenue arising from the provision of other services, including maintenance contracts, data hosting and other related services, is recognised over the term of the contract. Revenue from fixed price contracts is generally recognised in the period the services are provided, using a straight line basis over the term of the contract.

Billings for telephone services are made on a monthly, bi-monthly or quarterly basis. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided.

Mobile Revenue

Mobile revenue consists principally of charges to customers for traffic from mobile network services, revenue from providing network services to other telecommunications operators, and the sale of handsets and other accessories.

Bundled Contract Revenue

Revenue from the sale of bundled products is allocated to the separate elements of the bundle on the basis of each element's relative fair value and recognised in revenue when each individual element of the product or service is provided. The fair values of each element are determined based on the current market price of the elements when sold separately. Additionally, when allocating the bundled revenue to each element, amounts contingent upon provision of future service are not allocated to delivered elements. To the extent that there is a discount in the bundled product, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of each element.

3.7. Exceptional items

The group has adopted an income statement format which seeks to highlight significant items within group results for the year. The group believe that this presentation provides additional analysis as it highlights significant or one-off items. Such items include, where significant, restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, impairment of surplus properties, onerous contracts and reinstatement/dilapidation provisions. Judgement is used by the group in assessing the particular items, which, by virtue of their scale and nature, are disclosed in the group income statement and related notes as exceptional items.

3.8. Amounts paid and payable to other operators

Amounts paid and payable to other operators are mainly settlement fees that the group pays to other telecommunications operators for traffic that is routed on their networks. Costs associated with these payments are recognised in the period in which the traffic is carried.

3.9. Customer acquisition costs

The group pays commissions to dealers for the acquisition and retention of mobile subscribers and certain fixed line products. Customer acquisition costs are expensed as incurred in the income statement.

3. Accounting policies – continued

The cost of mobile handsets and mobile handset promotions are expensed at the time the customer is acquired or when upgrades are provided to existing customers.

The costs associated with the group's advertising and marketing activities are also expensed as incurred.

3.10. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). These consolidated financial statements are presented in euro, which is the group's presentation currency and is denoted by the symbol "€".

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in the statement of other comprehensive income as qualifying cash flow hedges.

Group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in the statement of other comprehensive income.

3.11. Taxation

eircom Holdings (Ireland) Limited is managed and controlled in the Republic of Ireland and, consequently, is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3. Accounting policies – continued

3.12. Financial instruments

(i) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the group uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Where the terms of borrowings are amended, if the revised terms are substantially different from the original terms, the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on the extinguishment of the original liability is recognised immediately in the income statement. If the new terms are not substantially different from the original terms, the impact of the change in the cash flows on the financial instrument's amortised cost is recognised in the income statement over the modified instrument's remaining contractual period.

Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months from the balance sheet date.

(ii) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each subsequent balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Derivative assets or liabilities are presented as current or non-current based on expected realisation or settlement dates.

(iii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement.

Amounts accumulated in equity are recycled in the income statement within finance costs in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the income statement.

3. Accounting policies – continued

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. The group's loans and receivables are set out in Note 22.

3.13. Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost in the case of network plant includes contractors' charges, materials and labour and related overheads directly attributable to the cost of construction.

Depreciation

Depreciation is provided on property, plant and equipment (excluding land), on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives, from the date the asset is available for use. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset Class	Estimated Economic Life (Years)
Buildings	40
Network Plant	
Transmission Equipment	
Duct	20
Overhead cable/poles	8-15
Underground cable	14
Other local network	6-15
Exchanges	
Exchange line terminations	8
Core hardware/operating software	3-4
Others	3-14

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the income statement.

Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred, directly attributable to constructing qualifying assets that necessarily take a substantial period of time to get ready for their intended use, is capitalised based on the weighted average interest rate on outstanding borrowings.

Asset retirement obligations

The group has certain obligations in relation to the retirement of assets, mainly poles, batteries and international cable. The group also has obligations to dismantle base stations and to restore the property owned by third parties

3. Accounting policies – continued

on which the stations are situated after the stations are removed. The group capitalises the future discounted cash flows associated with these asset retirement obligations and depreciates these assets over the useful life of the related asset.

3.14. Impairment of non financial assets – group

Assets that have an indefinite useful life, principally goodwill and intangible assets not yet available for use, are not subject to amortisation, and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill and secondly against the other assets (including other intangible assets) in the cash generating unit on a pro-rata basis based on the carrying amount of each asset in the cash generating unit.

Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in respect of goodwill are not reversed in any circumstances.

3.15. Leased assets

The group applies the principles of lease accounting where an arrangement is dependent upon the use of specific assets and conveys the right to use the assets. A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Where the group is lessee

The fair value of property, plant and equipment acquired under finance leases is included in property, plant and equipment and depreciated over the shorter of the lease term and the estimated useful life of the asset. The outstanding capital element of the lease obligations is included in current and non-current liabilities, as applicable, while the interest is charged to the income statement over the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Where the group is lessor

The cost of equipment assets of the group provided to customers as part of arrangements which constitute operating leases is included in property, plant and equipment and depreciated over the estimated useful life of the asset.

The cost of equipment assets of the group provided to customers as part of arrangements which constitute finance leases is expensed to the income statement upon delivery to the customer.

3.16. Inventories

Inventories comprise mainly consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes invoice price, import

3. Accounting policies – continued

duties and transportation costs. Where necessary, write-downs in the carrying value of inventories are made for damaged, deteriorated, obsolete and unusable items, on the basis of a review of individual items included in inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

As part of the strategy to acquire new customers and retain existing customers, the group sells certain mobile handsets, in connection with a service contract, at below the acquisition cost. As the mobile handset subsidy is part of the group's strategy for acquiring new customers and retaining existing customers, the loss on the sale of mobile handsets is recognised at the time of the sale or provision to the customer on a free of charge basis and included in the income statement.

3.17. Trade and other receivables

Trade receivables are recognised initially at fair value, which is normally the original invoiced amount or amount advanced and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or a financial re-organisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of the bad debt provision account, and the amount of the loss is recognised in the income statement in "operating costs". When a trade receivable or other receivable is uncollectible, it is written off against the bad debt provision account.

If there is objective evidence that an impairment loss on loans and advances carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.18. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturity of less than three months.

3.19. Indefeasible rights of use ("IRU")

The group accounts for IRU contracts that are not leases in the following manner:

(i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.

(ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

3.20. Employee benefits

(i) *Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments determined by periodic actuarial calculations to independent trustee-administered funds. The group operates both defined benefit and defined contribution plans.

3. Accounting policies – continued

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. Under defined contribution plans, the group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Typically, defined benefit plans define an amount of future pension benefit that employees have earned in return for their services to date. The pension benefit that an employee will receive on retirement is usually dependent on factors such as age, years of service and compensation. The amount recognised in the balance sheet in respect of defined benefit pension plans is the present value of the group's defined benefit obligation at the balance sheet date, less the fair value of plan assets. Plan assets are valued at their market value at the balance sheet date using bid values. The defined benefit obligation, and the related current service cost, and, where applicable, past service cost, are calculated by independent actuaries using the projected unit credit method. The defined benefit obligation is calculated annually unless there has been a material change in the obligations, where it is then recalculated during the year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on current market yields at the balance sheet date of high quality corporate bonds that are denominated in euros, and reflect the duration of the related pension liability.

The amounts of current service cost and net interest cost recognised in the income statement are computed based on actuarial assumptions at the start of the financial year. Costs of administering the defined benefit plans, other than investment management costs, are recognised within operating expenses in the income statement as the administrative services are received.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited directly to reserves through the statement of other comprehensive income.

Past service costs and negative past service costs are recognised immediately in the group income statement.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets or liabilities in the group income statement. Before the effect of a curtailment or settlement is determined, the defined benefit obligation is re-measured using current actuarial assumptions.

The deferred tax impact of pension plan surpluses and deficits is disclosed separately within deferred income tax assets or liabilities, as appropriate.

(ii) *Other bonus plans*

The group recognises a liability and an expense for bonuses where contractually obliged, or where there is past practice that has created a constructive obligation.

The entitlement to bonuses under long term bonus plans is usually conditional on the completion of a minimum service period. The expected costs of the bonuses are accrued over the period of employment based on estimates of the ultimate amount payable and targets under the schemes.

(iii) *Other long term incentive arrangements*

Long term incentive arrangements include share-based payment obligations, the accounting for such arrangements differs depending on whether the obligations are equity-settled, cash-settled and where the cost is borne by the holding company. Under the plans currently in existence, the group has no obligations in respect of share based payments, which are borne by the holding company, eircom Holdco SA. As the relevant individuals provide services to the group, the group is required to recognise a charge to the income statement and a corresponding increase in equity. The total charge for the equity-settled award is computed by reference to the fair value of the award at the grant date, and is not re-measured. The allocation of the charges over the vesting

3. Accounting policies – continued

period is based on the service vesting conditions, and the impact of potential accelerated vesting events. For cash settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following: (a) when the group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Termination benefits comprise the estimated benefits payable to staff availing of voluntary leaving schemes and the associated pension impact.

3.21. Provisions

A provision is recognised when, and only when (a) the group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

A constructive obligation for restructuring cost exists where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Onerous lease provisions have been measured at the lower of the cost to fulfil the contract, or the estimated cost to exit it, where appropriate.

3.22. Financial guarantee contracts

Liabilities are initially measured at fair value in respect of financial guarantees issued by the group for the benefit of third parties, and subsequently at the higher of the amount determined in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

3.23. Contingent liabilities and contingent assets

A contingent liability, including contingent liabilities in respect of financial guarantee contracts, is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (b) the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

3. Accounting policies – continued

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain an asset is recognised.

3.24. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.25. Dividend distribution

Final dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are approved by the equity shareholders. Interim dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are paid.

3.26. Dividends

Dividend income is recognised when the right to receive payment is established.

4. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: liquidity risk, market rate risk (including cash flow, interest rate risk, currency risk and price risk) and credit risk. The group's overall risk management program focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, and ageing analysis for credit risk. Responsibility for managing these risks rests with the Board.

In August 2016, the group issued €200 million in additional Senior Secured Notes, at a coupon rate of 4.5%. The group used the proceeds to repay €201 million of Facility B3 borrowings during August 2016, thereby maintaining its total borrowings at similar pre-existing levels. In October 2016, the group used its existing cash to repay €51 million of Facility B borrowings and also agreed amendments to the terms of its Senior Facilities Agreement, with interest at EURIBOR plus 4% applicable to Facility B5 borrowings (a reduction from EURIBOR plus 4.5%). In April 2017, the group repaid a further €11 million of its Facility B borrowings from its cash reserves and entered into a new €1,600 million Senior Facilities Agreement with a maturity date of 18 April 2024 to replace the existing Senior Facilities Agreement. The new Facility B borrowings are subject to interest at EURIBOR plus 3.25% margin.

There have been no other significant changes in the types of financial risks or the group's risk management program (including methods used to measure the risks) since 30 June 2016.

4.1. Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements and to repay maturing debt and other liabilities as they fall due.

As set out in Note 2, having reviewed the group's business plans and cash flow forecasts, the Directors consider that the group will be able to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future. Management of the group's liquidity risk is fundamental to its operations. The nature of the group's business, its working capital management activities and investment in network assets has often resulted in minimal current assets or net current liabilities.

4. Financial risk management – continued

The eircom Holdings (Ireland) Limited group has net current liabilities of €148 million at 30 June 2017. The current liabilities at that date include deferred revenue of €116 million. There is no cash outflow requirement associated with deferred revenue.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the interest rates effective at the balance sheet date and includes the margins applicable to the relevant debt.

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Borrowings					
– At 30 June 2017	**—**	**—**	**700**	**1,600**	**2,300**
– At 30 June 2016	—	—	—	2,363	2,363
Interest on borrowings					
– At 30 June 2017	**84**	**84**	**253**	**98**	**519**
– At 30 June 2016	106	108	323	100	637
Derivative financial instruments					
– At 30 June 2017	**5**	**1**	**(1)**	**—**	**5**
– At 30 June 2016	6	7	—	—	13
Trade and other payables					
– At 30 June 2017	**266**	**8**	**24**	**—**	**298**
– At 30 June 2016	293	8	23	9	333
TIS annuity scheme					
– At 30 June 2017	**4**	**3**	**5**	**1**	**13**
– At 30 June 2016	5	3	7	2	17
Onerous contracts					
– At 30 June 2017	**14**	**10**	**6**	**13**	**43**
– At 30 June 2016	6	7	10	1	24
Deferred consideration					
– At 30 June 2017	**1**	**3**	**—**	**—**	**4**
– At 30 June 2016	—	—	3	—	3

4.2. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders over the long term. The capital structure of the group consists of the borrowings as set out above, and equity comprising issued capital, reserves and accumulated losses as set out in Note 29.

4.3. Credit risk

Credit risk refers to the loss that the group would incur if a debtor or other counter-party fails to perform under its contractual obligations. Credit risks are mainly related to counter-party risks associated with cash and cash equivalents, restricted cash, trade and other debtors, amounts owed by related companies and derivative contracts.

4. Financial risk management – continued

The group's trade debtors are generated by a large number of customers, both private individuals and companies in various industries, mainly in Ireland. Exposure to credit loss and subscriber fraud is actively monitored on a regular basis, including some processing of current credit information on subscribers from third-party sources (subject to availability) and, where appropriate, a provision for doubtful debtors is made.

The credit risk and net exposure on key accounts, particularly other authorised operators and international carriers, is monitored separately through continual risk assessments of customers with material balances. In terms of the overall exposure from credit risk, the receivables from these counter-parties are not so extensive as to be considered significant concentrations of credit risk.

Ageing of trade receivables

The ageing analysis of trade receivables is set out below.

	Past due but not impaired						
	Less than 30 days €m	Between 31 and 60 days €m	Between 61 and 90 days €m	More than 90 days €m	Neither impaired nor past due €m	Impaired €m	Total €m
Trade receivables							
– at 30 June 2017	**18**	**7**	**4**	**21**	**76**	**10**	**136**
– at 30 June 2016	22	8	4	19	85	12	150

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The group held collateral on trade receivables in the form of cash deposits of €1 million (30 June 2016: €1 million) as security.

The group is exposed to credit risk relating to its cash and cash equivalents. The group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counter-parties and with institutions whose long-term Standard & Poor's (S&P) credit rating is "BBB-" or above (or Moody's equivalent rating of "Baa3") or is an acceptable bank under the Senior Facilities Agreement.

The credit quality of cash and cash equivalents can be assessed by reference to S&P credit ratings in the table below.

	30 June 2016 €m	30 June 2017 €m
Cash and cash equivalents		
A+	71	**—**
A	55	**105**
BBB+	—	**1**
BBB	1	**12**
BBB-	3	**24**
BB+	18	**—**
	148	**142**

4.4. Market rate risk

Market rate risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The group has limited exposure to equity, currency and price risk, other than the impact of those risks on the group's defined benefit pension scheme.

4. Financial risk management – continued

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates.

Cash and cash equivalents and borrowings at variable rates expose the group to cash flow interest rate risk. Cash and cash equivalents and borrowings at a fixed rate expose the group to fair value interest rate risk.

The group uses derivative financial instruments to hedge certain interest rate risk exposures on group borrowings.

In November 2014, the group entered into two forward starting interest rate swaps with hedging counterparties for a notional principal amount totalling €1,200 million for a period of three years from 11 June 2015. The swaps do not meet the requirements for hedge accounting.

As at reporting date, the group had the following cash and cash equivalents (Note 21), floating-rate borrowings (Note 23) and interest rate swap contracts outstanding (Note 24):

	30 June 2016		30 June 2017	
	Weighted average Interest rate %	Balance €m	Weighted average Interest rate %	Balance €m
Cash and cash equivalents	—	148	**—**	**142**
Bank borrowings (Facility B)	4.50%	(1,863)	**3.25%**	**(1,600)**
Interest rate swaps (Notional principal amount)		1,200		**1,200**
Net exposure to interest rate risk		(515)		**(258)**

Interest rate sensitivity analysis

Based on the financial instruments held at the balance sheet date, if interest rates are 25 basis points ("bps") higher/lower and all other variables are held constant, the group's profit/(loss) after tax for the year ended 30 June 2017 will increase or decrease by the amounts set out in the table below:

Group – after tax	Increase by 25 bps €m	Decrease by 25 bps €m
Profit for the year – (lower)/higher	**(1)**	**1**

A sensitivity of 25 bps has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

Currency risk

The group conducts its business primarily in Ireland and, therefore, operating and investing cash flows are substantially denominated in euro. A limited level of foreign exchange risk arises in relation to a foreign subsidiary, capital expenditure denominated in foreign currencies and foreign exchange settlements with international third party telecommunications carriers.

Given the limited level of risk the group does not hedge its foreign exchange risk arising on transactions and capital expenditure denominated in foreign currencies.

Price risk

The group is exposed to price risk on the assets held by the group's defined benefit pension scheme (see Note 34).

4. Financial risk management – continued

4.5. Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

See Note 22 for information on financial instruments fair value measurements within a three-level fair value hierarchy.

4.6. Hedging instruments

As at the reporting date, the group had entered into a number of swaps to cover interest rate exposure on various debt obligations. The details of the effective interest rate and maturity of these instruments is:

Derivatives ineligible for hedge accounting

These instruments are ineligible for hedge accounting under IAS 39 and movements in the fair value of these derivatives have been taken through the income statement.

				Maturity date – principal value					
	Principal value €m	Fair Value €m	Weighted average Interest rate %	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 3 Years €m	Between 3 & 4 Years €m	Between 4 & 5 Years €m	After 5 Years €m
Derivatives ineligible for hedge accounting – at 30 June 2017	**1,200**	**(5)**	**0.099%**	**1,200**	**—**	**—**	**—**	**—**	**—**
– at 30 June 2016	1,200	(13)	0.099%	—	1,200	—	—	—	—

Derivatives designated and eligible for hedge accounting

These instruments have been designated as cash flow hedges under IAS 39 and movements in the effective portion of the fair value of the hedges have been taken through the cash flow hedge reserve.

				Maturity date – principal value					
	Principal value €m	Fair Value €m	Weighted average Interest rate %	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 3 Years €m	Between 3 & 4 Years €m	Between 4 & 5 Years €m	After 5 Years €m
Designated active interest rate swap – at 30 June 2017	**650**	**—**	**0.222%**	**—**	**—**	**650**	**—**	**—**	**—**
– at 30 June 2016	—	—	—	—	—	—	—	—	—

See Note 24 for further information on the group's interest rate swaps.

5. Critical Accounting Judgements and Estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are noted below. Further details are included in the Notes to the financial statements.

The areas involving significant estimates or judgements are:

- Estimation of current tax payable and recognition of deferred tax (Note 11)
- Making appropriate assumptions on non-financial asset impairment reviews (Note 12)

5. Critical Accounting Judgements and Estimates – continued

- Establishing lives for amortisation purposes of intangible assets (Note 13)
- Establishing lives for depreciation purposes of property, plant and equipment (Note 14)
- Providing for doubtful debts (Note 19)
- Estimation of cash outflows on onerous contracts (Note 26(c))
- Making appropriate assumptions in calculating asset retirement obligations (Note 26 (d))
- Providing for litigation, contingencies and other constructive obligations (Note 26 (e))
- Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs (Note 34)
- Making appropriate assumptions in calculating long term employee benefit charges (Note 39(a))

Judgements and estimates are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group which are regularly reviewed by the 'Chief Operating Decision Maker' in order to allocate resources to the segments and to assess their performance.

The group's operating segments are reported based on financial information provided to the Senior Management Team ("SMT"), which is the key management team and represents the 'Chief Operating Decision Maker'. The SMT is chaired by the Group Chief Executive and the other members are the Group Chief Financial Officer, Chief Information Officer, Business Directors, Customer Operations Director and Networks Director.

The SMT considers the business from a fixed line and mobile perspective and assesses the performance of the operating segments based on a measure of adjusted EBITDA. Adjusted EBITDA is before non-cash lease contracts, non-cash pension charge and exceptional items. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, onerous contracts and other charges/income. The non-cash lease contracts credit included in the income statement during the year is in respect of the unfavourable lease fair value adjustment which arose on acquisition of eircom Limited. The non-cash pension charge is determined based on the difference between the charge determined under IAS 19 and employer contributions payable in respect of the financial year. Interest costs on borrowings are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the borrowings position of the group.

Sales between segments for telecommunication services are carried out on an arm's length basis. Other recharges in respect of non-telecommunication services are based on actual cost of employee remuneration or other external costs incurred. The revenue from external parties reported to the SMT is measured in a manner consistent with that in the group income statement.

6. Segment information – continued

The segment results for the year ended 30 June 2017 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	**993**	**341**	**(35)**	**1,299**	**(16)**	**1,283**
Adjusted EBITDA[(1)]	**452**	**68**	**—**	**520**	**(11)**	**509**
Non-cash lease contracts	**7**	**—**	**—**	**7**	**—**	**7**
Non-cash pension charge	**(19)**	**—**	**—**	**(19)**	**—**	**(19)**
Amortisation	**(84)**	**(24)**	**—**	**(108)**	**—**	**(108)**
Depreciation	**(243)**	**(26)**	**—**	**(269)**	**(1)**	**(270)**
Exceptional items (Note 8)	**(92)**	**—**	**—**	**(92)**	**—**	**(92)**
Profit on disposal of PPE	**4**	**—**	**—**	**4**	**—**	**4**
Operating profit	**25**	**18**	**—**	**43**	**(12)**	**31**
Finance costs				**(277)**	**—**	**(277)**
Share of profit of investments accounted for using the equity method				**—**	**10**	**10**
Loss before income tax				**(234)**	**(2)**	**(236)**
Income tax credit				**8**	**2**	**10**
Loss for the financial year				**(226)**	**—**	**(226)**

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

The segment results for the year ended 30 June 2016 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	995	358	(43)	1,310	(16)	1,294
Adjusted EBITDA[(1)]	430	70	—	500	(9)	491
Non-cash lease contracts	8	—	—	8	—	8
Non-cash pension charge	(15)	—	—	(15)	—	(15)
Amortisation	(63)	(25)	—	(88)	—	(88)
Depreciation	(260)	(27)	—	(287)	7	(280)
Exceptional items (Note 8)	(67)	(1)	—	(68)	—	(68)
Profit on disposal of PPE	7	—	—	7	—	7
Operating profit	40	17	—	57	(2)	55
Finance costs				(226)	—	(226)
Share of profit of investments accounted for using the equity method				—	2	2
Loss before income tax				(169)	—	(169)
Income tax credit				11	—	11
Loss for the financial year				(158)	—	(158)

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

6. Segment information – continued

Other segment items included in the income statement are as follows:

	Year ended 30 June 2016			Year ended 30 June 2017		
	Fixed line €m	Mobile €m	Group €m	Fixed line €m	Mobile €m	Group €m
Impairment of trade receivables (Note 19)	7	2	9	**7**	**2**	**9**
Reversal of trade receivable impairments (Note 19)	(1)	—	(1)	**—**	**—**	**—**
Impairment of inventory (Note 18)	1	—	1	**—**	**—**	**—**

The segment assets and liabilities and capital expenditure are as follows:

	30 June 2017			
	Fixed line €m	Mobile €m	Unallocated €m	Group €m
Assets	**2,052**	**336**	**6**	**2,394**
Liabilities	**859**	**136**	**2,301**	**3,296**
Capital expenditure:				
Intangible assets (Note 13)	**23**	**11**	**—**	**34**
Property, plant and equipment (Note 14)	**226**	**38**	**—**	**264**

	30 June 2016			
	Fixed line €m	Mobile €m	Unallocated €m	Group €m
Assets	2,158	341	8	2,507
Liabilities	938	146	2,205	3,289
Capital expenditure:				
Intangible assets (Note 13)	57	14	—	71
Property, plant and equipment (Note 14)	189	25	—	214

Segment assets consist primarily of property, plant and equipment, goodwill, intangible assets, inventories, receivables and operating cash. They exclude taxation and investments.

Segment liabilities comprise operating liabilities, retirement benefit liability and provisions for liabilities and other charges. They exclude items such as taxation, borrowings, interest payable and derivatives.

Capital expenditure comprises additions to intangible assets (Note 13) and property, plant and equipment (Note 14).

Geographical information

The group is domiciled in the Republic of Ireland. The group operates in two countries, Republic of Ireland and the United Kingdom, though substantially all of the group's revenues arise in the Republic of Ireland. For the purposes of the geographical allocation of revenue, the group identifies revenues earned by entities operating in each country. Total revenue of the group for the current year is €1,283 million (30 June 2016: €1,294 million) of which €1,246 million (30 June 2016: €1,256 million) was earned by group entities operating in the Republic of Ireland and €37 million (30 June 2016: €38 million) was earned by group entities operating in the United Kingdom. Total non-current assets of the group, other than investments and deferred tax assets as at year end are €2,016 million (30 June 2016: €2,107 million), of which €2,009 million were located in the Republic of Ireland (30 June 2016: €2,099 million) and €7 million were located in the United Kingdom (30 June 2016: €8 million).

7. Operating costs

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Staff costs:		
Wages and salaries	246	**232**
Social insurance costs	12	**12**
Pension costs – defined contribution plans (Note 34)	4	**5**
Pension costs – defined benefit plans (Note 34)	29	**34**
	291	**283**
Staff costs capitalised	(70)	**(74)**
Net staff costs included in operating costs (a)	221	**209**
Other operating costs:		
Amounts paid and payable to telecommunications operators	128	**100**
Purchase of goods for resale, commission and related costs	166	**189**
Materials and services	17	**17**
Other network costs	12	**13**
Accommodation	94	**87**
Sales and marketing	71	**69**
Customer services	42	**39**
Transport and travel	11	**11**
IT costs	22	**24**
Provision for impaired receivables	8	**9**
Other costs	18	**19**
Total other operating costs	589	**577**
Operating costs excluding amortisation, depreciation, impairment and restructuring and other exceptional items	810	**786**
Amortisation (Note 13)	88	**108**
Depreciation of property, plant & equipment (Note 14)	280	**270**
Exceptional items (Note 8)	68	**92**
Total operating costs	1,246	**1,256**
Profit on disposal of property, plant and equipment (Note 9)	(7)	**(4)**
Total operating costs (net)	1,239	**1,252**

(a) Operating costs are stated after charging:

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Staff costs	291	**283**
Exceptional restructuring programme costs (Note 8)	27	**52**
Exceptional management incentive plan (Note 8)	5	**2**
Total staff costs	323	**337**
Staff costs capitalised	(70)	**(74)**
Total staff costs (net of staff costs capitalised)	253	**263**
Research costs	—	**—**
Hire of plant and machinery	3	**3**
Other operating lease rentals	47	**41**

8. Exceptional items

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Restructuring programme costs (a)	27	**52**
Management incentive plan (b)	5	**2**
Onerous lease contracts (c)	21	**27**
Re-branding and other strategic review costs (d)	18	**6**
Other exceptional items (e)	(3)	**5**
Exceptional charge	68	**92**

(a) Restructuring programme costs

The group included an exceptional charge of €52 million (30 June 2016: €27 million) for restructuring programme costs in the year ended 30 June 2017. The exceptional charge includes €18 million for staff who had either exited the business, or were committed to exiting the business, at 30 June 2017 and €34 million provision for future staff exits. The provision comprises the estimated benefits payable to staff availing of the voluntary leaving schemes.

In June 2017, the group announced a restructuring programme, including a voluntary leaving plan, to reduce its workforce through an incentivised exit scheme for employees. The group is committed to the restructuring programme and to reduce its workforce by c.200-240 employees.

The charge of €52 million at 30 June 2017 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €2 million (30 June 2016: €2 million).

(b) Management incentive plan

The group recognised a charge of €2 million (30 June 2016: €5 million) in its income statement in the year ended 30 June 2017, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the holding company, eircom Holdco S.A., to the group's employees, for which the group has no obligation to make any payment.

(c) Onerous lease contracts

The group recognised an exceptional charge of €27 million in the year ended 30 June 2017 (30 June 2016: €21 million) in respect of onerous contracts on its leasehold properties. The group no longer requires these properties as a result of the rationalisation of the group's accommodation requirements and provision has been made in respect of the estimated cash flow required to meet the future lease payments net of any sub-lease income for these leases.

(d) Re-branding and other strategic review costs

The group recognised an exceptional charge of €6 million (30 June 2016: €18 million) for strategic review costs in the year ended 30 June 2017.

(e) Other exceptional items

In the year ended 30 June 2017, the group included an exceptional charge of €4 million in respect of legal related matters and €1 million for the deferred consideration arrangement following the acquisition of a subsidiary undertaking in the prior year.

The group recognised exceptional credits of €3 million in the year ended 30 June 2016, comprised of €2 million credit as a result of the release of dilapidation provisions in respect of Telephone House that were carried forward from the previous year and €1 million credit in respect of a legal related matter.

9. Profit on disposal of property, plant and equipment

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Profit on disposal of property, plant and equipment	7	**4**
	7	**4**

During the year ended 30 June 2017, the group sold a number of properties that were no longer required for €16 million (30 June 2016: €9 million). See Note 30(b) for further information.

10. Finance costs – net

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	128	**105**
Interest amortisation on non-current borrowings	28	**20**
Net interest cost on net pension liability	11	**6**
Amortisation of debt issue costs and debt modification fees	4	**4**
Other unwinding of discount	2	**2**
Amortisation of 'Cash Flow Hedge Reserve' derivatives	2	**—**
Fair value movements on derivatives not qualifying for hedge accounting	11	**(8)**
	186	**129**
Loss on extinguishment of debt	12	**131**
Cost on redemption of 9.25% Senior Secured Notes	16	**—**
Write off of debt issue costs and debt modification fees	9	**15**
Revolving credit facility arrangement fee and other fees	3	**2**
	226	**277**
(b) Finance income:		
Interest income	—	**—**
	—	**—**
Finance costs – net	226	**277**

The refinancing of Facility B borrowings during the year included new money commitments, as well as the exchange of borrowings under the existing facilities at par. The prepayment of the existing borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €131 million in the income statement within 'finance costs'.

See Note 23 for further information.

11. Income tax credit

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
(a) **Recognised in the income statement**		
Current tax expense		
Current financial period	2	**8**
Adjustments for prior periods	(1)	**(1)**
	1	7
Deferred tax expense		
Origination and reversal of temporary difference	(12)	**(17)**
Total income tax credit in income statement	(11)	**(10)**

11. Income tax credit – continued

The tax credit for the year ended 30 June 2017 includes a credit of €10 million (30 June 2016: €7 million) in respect of exceptional items (see Note 8).

(b) Reconciliation of effective tax rate

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated companies as follows:

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Loss before tax	(169)	**(236)**
Tax calculated at Irish tax rates	(21)	**(29)**
Effects of:-		
Non deductible expenses	11	**21**
Income taxable at higher rate	1	**1**
Utilisation of losses carried forward	(1)	**(1)**
Income not subject to taxation	—	**(1)**
Adjustments in respect of prior periods	(1)	**(1)**
Tax credit for financial period (Note 11(a))	(11)	**(10)**

The weighted average applicable tax rate was 12.5% (30 June 2016: 12.5%).

(c) Significant estimates and judgements

Current tax

The actual tax the group pays is determined according to complex tax laws and regulations. Where the effect of these laws and regulations are unclear, the group uses estimates in determining the liability for the tax to be paid. The group believes the estimates, assumptions and judgements are reasonable but the estimates can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement in future periods. The value of the group's current tax liability is disclosed on the balance sheet.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. The carrying value of the group's deferred tax assets and liabilities are disclosed in Notes 16 and 25, respectively.

12. Goodwill

	30 June 2016 €m	30 June 2017 €m
Cost		
At beginning of financial period	734	**754**
Arising on acquisition of subsidiary (Note 40)	20	**—**
At end of financial period	754	**754**
Accumulated impairments		
At beginning of financial period	(542)	**(542)**
Recognised during the financial period	—	**—**
At end of financial period	(542)	**(542)**
Net book value at end of financial period	212	**212**

12. Goodwill – continued

Goodwill is not subject to amortisation. Instead, goodwill is tested for impairment annually as part of the cash generating unit ("CGU") to which it relates, and is carried at cost less accumulated impairment losses.

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland) as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). Goodwill of €20 million was recognised on the acquisition of Setanta Sports Ireland and allocated to the group's Fixed Line CGU.

The group's goodwill carried forward from prior years relates to the acquisition of eircom Limited in June 2012, pursuant to a Scheme of Arrangement of creditors approved by the High Court. The company acquired 100% of the share capital of eircom Limited for consideration of €1. Goodwill of €836 million was recognised as the difference between the purchase consideration and the fair value of the individual assets and liabilities at the date of acquisition, 11 June 2012. The goodwill arose in part because eircom Limited was acquired for a nominal amount pursuant to the Scheme of Arrangement and because the pension obligation and the deferred tax balances were recognised in accordance with the measurement requirements of IAS 19 and IAS 12 respectively and not at fair value. No goodwill was allocated to the Mobile CGU. The group identified an impairment of €542 million in the year ended 30 June 2012 relating to the Fixed Line CGU.

In the year ended 30 June 2013, eircom Limited sold its 100% shareholding in eircom Phonewatch Limited and recognised disposal of goodwill of €102 million as a result of the transaction.

The CGU summary of the goodwill allocation is as follows:

	Fixed Line 30 June 2016	**Mobile 30 June 2016**	**Fixed Line 30 June 2017**	**Mobile 30 June 2017**
Goodwill	212	—	**212**	**—**

An impairment test of the Fixed Line CGU was performed as of 30 June 2017 and no impairment was identified.

Impairment test of Fixed Line CGU as at 30 June 2017

An impairment test of the Fixed Line CGU was performed as at 30 June 2017 in accordance with IAS 36, Impairment of Assets. The impairment test has been undertaken at the year end date. Tangible and intangible assets are an integrated part of the CGU carrying values and are tested together with the goodwill.

An impairment test of the Fixed Line CGU is required annually as it contains goodwill. An impairment test of the Mobile CGU is not required as at 30 June 2017 as the group held no Mobile intangible assets not yet available for use for which the recoverable amount could not be estimated on an individual asset basis. The Directors concluded that there was no indicator of impairment and consequently no test of impairment was required to be performed.

Impairment testing methodology

The recoverable amount of the CGU is determined on the basis of the higher of the fair value less costs to sell and value-in-use, using the discounted cash flow (DCF) method. Cash flows for the years beyond the approved business plans are extrapolated using the estimated long-term growth rates stated below. The cash flows are discounted using the discount rates stated below.

The impairment test was based on fair value less costs to sell which is higher than value in use because of the investment in infrastructure development required by the group's CGU. The cash flows and assumptions used as of 30 June 2017 for the impairment test are consistent with the assumptions that would be made by a market participant acquiring the CGU.

12. Goodwill – continued

Key assumptions

The key assumptions are based on past experience, adjusted for expected changes in future conditions. Key assumptions involved in the calculation of fair value less costs to sell include management's estimates of future operating cash-flows, capital expenditure requirements, tax considerations, discount rates and long-term growth rates. The key assumptions in relation to long-term growth rates and discount rates were benchmarked against external information on comparable companies in similar markets.

The group considers the business plan and long-term projections to be reasonable in view of the anticipated long-term performance of the Irish economy and consistent with the assumptions that would be used by a market participant. Adjustments are made to the business plan cash flows to take account of possible variations in the amount or timing of cash flows, which can be affected by factors such as increased competitor activity, the roll-out of new technologies and the timing of the introduction of new services, pricing trends, termination rates, customer acquisition costs, margin levels and restructuring programmes, such that the estimated cash flows reflect the range of possible outcomes for each CGU's future trading performance.

The fixed line fair value less costs to sell is not observable in a quoted market and accordingly it has been determined with reference to various assumptions, which are considered to result in a "level 3" valuation.

Fair Value less Costs to Sell – cash flow projections

At 30 June 2017 and 30 June 2016, these calculations used post-tax cash flow projections based on business plans approved by the Board of Directors, as adjusted for market participant assumptions, covering a period up to 30 June 2020.

The other key assumptions used for fair value less costs to sell calculations for the Fixed Line and Mobile CGUs are as follows:

	Fixed Line 30 June 2016	Mobile 30 June 2016	Fixed Line 30 June 2017	Mobile 30 June 2017
Long-term growth rates	-0.75%	N/A	**-0.75%**	**N/A**
Discount rates (Post-tax)	7.16%	N/A	**7.16%**	**N/A**
Budgeted EBITDA[1]	2.26%	N/A	**1.73%**	**N/A**
Budgeted capital expenditure[2]	14%-23%	N/A	**14%-22%**	**N/A**

Notes:

[1] Budgeted EBITDA is expressed as the compound annual growth rates over the periods covered by the business plans for all cash-generating units of the plans used for impairment testing.

[2] Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue (for all periods covered by the business plans plus the terminal value).

Long Term Growth Rates

The long-term growth rates are determined based on the long-term historical growth rates of the sectors in which the CGUs operate, and reflect an assessment of the long-term growth prospects of the sectors. The growth rates have been benchmarked against external data for the relevant markets. None of the growth rates applied exceed the long-term historical average growth rates for those markets or sectors.

Discount Rates

The discount rates used reflect specific risks relating to the CGUs. The assumptions used have been benchmarked to externally available data. The methodology is based on the Capital Asset Pricing Model (CAPM). At 30 June 2017, the yield on ten-year Irish government bonds provided the basis for the risk free rate, which was then adjusted to take account of market risks specific to the CGUs. The group has used Irish government bond yields as the basis for the risk-free rate in keeping with its observations of practices applied by external market analysts

12. Goodwill – continued

in determining appropriate weighted average costs of capital for Irish companies. In estimating the discount rate under CAPM, in addition to the risk-free rate, other inputs required are the equity market risk premium (that is the excess return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment factor known as beta is applied to reflect the risk of the specific CGU operations relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the risk of the group's CGUs determined using an average of the observed betas of comparable companies.

Significant estimates and judgements

Making appropriate assumptions on non-financial asset impairment reviews

The group undertakes a review for impairment of goodwill, intangible assets not yet available for use annually and for other non-financial assets if events or circumstances indicate that the carrying amount may not be recoverable.

Factors which the group consider could trigger an impairment include, but are not limited to the following: (1) significant negative industry or economic trends, (2) current, historical or projected losses that demonstrate continuing losses, (3) results of fair market valuations performed or (4) changes in key assumptions underpinning the fair value less cost to sell and value in use calculations. These impairment charges under IFRS are based upon the excess of the carrying amount of the asset over its recoverable amount, which is the higher of the fair value less cost to sell and its value in use, based on discounted future cash flows. When an asset is not recoverable in full, impairment is measured as the excess of carrying value over the recoverable amount of the long-life asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and the fair value less cost to sell. Changes in these estimates directly affect management's assessment of whether an impairment charge is required and the amount of the impairment charge recorded.

The discount rate used in impairment testing is derived from a weighted average cost of capital ("WACC") which is impacted by interest rates and market risk premiums, estimated for companies in the telecommunications sector. There is a risk that the WACC could increase significantly in future periods, depending on market volatility. There is also a risk of deterioration in the budgeted future cash flows as a result of the current economic environment.

Any significant deterioration in the budgeted future cash flows or changes in WACC or estimates in respect of terminal growth rates could result in a further impairment of our goodwill and/or non-financial assets, which could have a further negative effect on operating profits and assets. Future cash flows would not be impacted by any impairment provision.

13. Other intangible assets

	Computer software €m	Trademarks €m	Contracts and related customer relationships €m	TV content rights €m	Licence €m	Total €m
Cost						
At 1 July 2015	266	127	47	—	195	635
Arising on acquisition (Note 40)	—	—	7	—	—	7
Additions	56	—	—	15	—	71
Transfer from tangible assets	6	—	—	—	—	6
At 30 June 2016	**328**	**127**	**54**	**15**	**195**	**719**
Additions	**34**	**—**	**—**	**—**	**—**	**34**
At 30 June 2017	**362**	**127**	**54**	**15**	**195**	**753**
Amortisation						
At 1 July 2015	117	—	47	—	36	200
Charge for the financial year	55	19	1	1	12	88
Transfer from tangible assets	2	—	—	—	—	2
At 30 June 2016	**174**	**19**	**48**	**1**	**48**	**290**
Charge for the financial year	**64**	**25**	**3**	**5**	**11**	**108**
At 30 June 2017	**238**	**44**	**51**	**6**	**59**	**398**
Net Book Value at 30 June 2017	**124**	**83**	**3**	**9**	**136**	**355**
Net Book Value at 30 June 2016	154	108	6	14	147	429

Assets in the course of completion and other intangible assets not yet available for use included in other intangibles assets are €10 million (30 June 2016: €22 million).

Computer software relates to internal and external capitalised software development costs.

The group commenced amortisation from 1 October 2015 of the Trademark (Fixed) which was assigned a five year useful life following the re-brand in September 2015. The Trademark (Fixed) had an indefinite useful life up until the re-brand in September 2015.

Significant estimates and judgements

Establishing lives for amortisation purposes of intangible assets

The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Where the useful life of an intangible asset is reassessed as finite rather than indefinite a test for impairment is carried out. Changes in asset lives can have a significant impact on amortisation charges for the period.

For additional information see details of the useful lives set out in Note 3.4.

14. Property, plant and equipment ("PPE")

	Land and Buildings €m	Network, Plant And Equipment €m	Total €m
Cost			
At 1 July 2015	257	2,052	2,309
Additions	—	214	214
Exchange adjustments	—	(1)	(1)
Transfer to intangible assets	—	(6)	(6)
Disposals/retirements	(8)	(6)	(14)
At 30 June 2016	**249**	**2,253**	**2,502**
Additions	**—**	**264**	**264**
Exchange adjustments	**—**	**(1)**	**(1)**
Disposals/retirements	**(12)**	**(5)**	**(17)**
At 30 June 2017	**237**	**2,511**	**2,748**
Accumulated Depreciation			
At 1 July 2015	61	721	782
Charge for financial year	18	263	281
Transfer to intangible assets	—	(2)	(2)
Disposals/retirements	(4)	(6)	(10)
At 30 June 2016	**75**	**976**	**1,051**
Charge for financial year	**17**	**253**	**270**
Disposals/retirements	**(2)**	**(5)**	**(7)**
At 30 June 2017	**90**	**1,224**	**1,314**
Net Book Value at 30 June 2017	**147**	**1,287**	**1,434**
Net Book Value at 30 June 2016	174	1,277	1,451

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value. The review for the year ended 30 June 2017 and 30 June 2016 resulted in no material adjustments to asset lives.

Assets in the course of construction included in property, plant and equipment are €73 million (30 June 2016: €112 million).

The depreciation charged in the income statement is net of capital grants amortised during the financial year as follows:-

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Depreciation	281	**270**
Amortisation of capital grants	(1)	**—**
	280	**270**

Significant estimates and judgements

Establishing lives for depreciation purposes of property, plant and equipment

Long-life assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in

14. Property, plant and equipment ("PPE") – continued

certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation, physical condition of the assets concerned and other factors that may impact on the remaining useful lives of assets. Changes in asset lives can have a significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis as asset lives are individually determined and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

For additional information see details of the useful lives set out in Note 3.13.

15. Investments

Investments in Joint ventures

At 30 June 2017, the group has a joint venture in Tetra Ireland Communications Limited ("Tetra"). The following tables presents, on a condensed basis, the summarised financial information of Tetra. The information disclosed reflects the amount reported in the financial statements of Tetra and not the groups share of those amounts.

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Revenue	35	**35**
Operating costs excluding depreciation	(18)	**(16)**
Depreciation	(13)	**3**
Operating profit	4	**22**
Finance costs – net	—	**—**
Profit before tax	4	**22**
Income tax charge	(1)	**(3)**
Profit for the financial year	3	**19**

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Profit for the financial year	3	**19**
Other comprehensive income	—	**—**
Total comprehensive income for the financial year	3	**19**

	30 June 2016 €m	30 June 2017 €m
ASSETS		
Non-current assets	13	**15**
Current assets	17	**12**
Total assets	30	**27**
LIABILITIES		
Non-current liabilities	6	**8**
Current liabilities	17	**13**
Total liabilities	23	**21**
EQUITY		
Total equity	7	**6**
Total equity	7	**6**
Total liabilities and equity	30	**27**

16. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets 30 June 2017 €m	Liabilities 30 June 2017 €m	Net 30 June 2017 €m
Tax loss carry forward	**2**	**—**	**2**
Property, plant and equipment	**1**	**—**	**1**
	3	**—**	**3**

	Assets 30 June 2016 €m	Liabilities 30 June 2016 €m	Net 30 June 2016 €m
Tax loss carry forward	3	—	3
Property, plant and equipment	1	—	1
	4	—	4

The movement in deferred tax assets during the year ended 30 June 2017 is as follows:

	1 July 2016 €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2017 €m
Tax loss carry forward	**3**	**(1)**	**—**	**2**
Property, plant and equipment	**1**	**—**	**—**	**1**
	4	**(1)**	**—**	**3**

The movement in deferred tax assets during the year ended 30 June 2016 is as follows:

	1 July 2015 €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2016 €m
Tax loss carry forward	5	(2)	—	3
Property, plant and equipment	1	—	—	1
	6	(2)	—	4

17. Other assets

	30 June 2016 €m	30 June 2017 €m
Deposits and other non-current assets	1	**1**
Loan advanced to holding company	14	**14**
	15	**15**

18. Inventories

	30 June 2016 €m	30 June 2017 €m
Network development and maintenance stocks	10	**11**
Consumable and other stocks	2	**5**
	12	**16**

The cost of inventories recognised as an expense and included in "operating costs" amounted to €93 million (30 June 2016: €88 million). The net replacement cost of stocks is not expected to be materially different from that shown above.

During the year ended 30 June 2017, the group recognised a loss for impaired inventories of €Nil (30 June 2016: €1 million), reversed previous recognised impaired inventories of €Nil (30 June 2016: €Nil), and utilised provisions for impaired inventories of €Nil (30 June 2016: €1 million). The creation and reversal of provisions for impaired inventories have been included in "operating costs" in the income statement.

19. Trade and other receivables

	30 June 2016 €m	30 June 2017 €m
Current assets:		
Trade receivables	150	**136**
Less: Provision for impairment of trade receivables	(11)	**(10)**
Trade receivables – net	139	**126**
Prepayments and accrued income	73	**65**
Tax receivable	6	**—**
Other current assets	1	**3**
Amounts due from joint ventures	3	**2**
	222	**196**

The fair values of trade and other receivables approximate to their carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

As of 30 June 2017, trade receivables of €10 million (30 June 2016: €12 million) were impaired and provided for on the basis that a portion of these trade receivables is expected to be recovered.

The amount of the provision for impairment of trade receivables was €10 million as of 30 June 2017 (30 June 2016: €11 million). Total additional provisions of €9 million (30 June 2016: €9 million) relate to individual impairments of €Nil (30 June 2016: €1 million) and collective impairments of €9 million (30 June 2016: €8 million). Total reversals of unused provisions of €Nil (30 June 2016: €1 million) relate to individual impairments of €Nil (30 June 2016: €Nil) and collective impairments of €Nil (30 June 2016: €1 million).

Significant estimates and judgements

Providing for doubtful debts

The group provides services to individuals and business customers on credit terms. The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical and current experience in determining the level of debts which may not be collected. These estimates include such factors as the current state of the Irish economy and particular industry issues. If the Irish economy deteriorated or negative industry trends, there might be an increase in the estimated level of debts that may not be collected, which would negatively impact the operating results. The level of provision required is reviewed on an ongoing basis.

19. Trade and other receivables – continued

Provision for impairment of trade receivables

The following table shows the movements on the provision for impairment of trade receivables:

	30 June 2016 €m	30 June 2017 €m
At beginning of financial period	22	**11**
Charged to income statement:		
– Additional provisions	9	**9**
– Unused amounts reversed	(1)	**—**
Utilised in the financial year	(19)	**(10)**
At end of financial period	11	**10**

The creation and reversal of provisions for impaired receivables are included in "operating costs" in the income statement.

20. Restricted cash

The restricted cash of €18 million (30 June 2016: €10 million) is in relation to cash lodged for performance guarantees of €14 million (30 June 2016: €7 million) and €4 million (30 June 2016: €3 million) security in respect of ancillary facilities. The interest earned on these deposits, after deduction of any taxation payable, is due to the group.

Performance guarantees

Performance guarantee deposits have been lodged in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts. At 30 June 2017, these include €1 million (30 June 2016: €2 million) in respect of undertakings arising in relation to the roll out of our 3G network in Ireland, including achieving certain agreed milestones, €Nil (30 June 2016: €3 million) in respect of eircom's obligation under a Quality of Service Performance Improvement Programme under our Universal Service Obligations ("USO") and €13 million (30 June 2016: €2 million) in relation to other deposits, including obligations under certain commercial contracts.

The maximum exposure to credit risk at the reporting date is €18 million (30 June 2016: €10 million).

21. Cash and cash equivalents

	30 June 2016 €m	30 June 2017 €m
Cash at bank and on hand	22	**37**
Short-term bank deposits	126	**105**
Cash and cash equivalents	148	**142**

The book value of cash and cash equivalents approximates their fair value. At 30 June 2017, the effective interest rate on short term bank deposits was -0.22%. These deposits had a weighted average maturity of 16 days.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

22. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per balance sheet	Assets at fair value through profit or loss €m	Loans and receivables €m	Total €m
Other assets	**—**	**14**	**14**
Trade receivables	**—**	**126**	**126**
Other current assets	**—**	**3**	**3**
Amounts due from joint ventures	**—**	**2**	**2**
Restricted cash	**—**	**18**	**18**
Cash and cash equivalents	**—**	**142**	**142**
At 30 June 2017	**—**	**305**	**305**
Other assets	—	14	14
Trade receivables	—	139	139
Other current assets	—	1	1
Amounts due from joint ventures	—	3	3
Restricted cash	—	10	10
Cash and cash equivalents	—	148	148
At 30 June 2016	—	315	315

The accounting policies for financial instruments have been applied to the line items below:

Liabilities as per balance sheet	Liabilities at fair value through profit or loss €m	Loans and other liabilities €m	Total €m
Borrowings	**—**	**2,236**	**2,236**
Derivative financial instruments	**5**	**—**	**5**
Trade payables	**—**	**145**	**145**
Interest payable	**—**	**6**	**6**
Accruals	**—**	**150**	**150**
TIS Liabilities	**—**	**14**	**14**
At 30 June 2017	**5**	**2,551**	**2,556**
Borrowings	—	2,140	2,140
Derivative financial instruments	13	—	13
Trade payables	—	149	149
Interest payable	—	5	5
Accruals	—	179	179
TIS Liabilities	—	18	18
At 30 June 2016	13	2,491	2,504

Fair value hierarchy

The table below shows for the group's financial assets and liabilities that are recognised and subsequently measured at fair value their classification within a three-level fair value hierarchy.

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets at the balance sheet date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an arm's length basis on an ongoing basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

22. Financial instruments by category – continued

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument.

Financial liabilities held at fair value	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Derivative financial instruments	**—**	**5**	**—**	**5**
At 30 June 2017	**—**	**5**	**—**	**5**
Derivative financial instruments	—	13	—	13
At 30 June 2016	—	13	—	13

23. Borrowings

	Carrying Value		Fair Value	
	30 June 2016 €m	30 June 2017 €m	30 June 2016 €m	30 June 2017 €m
Non-current liabilities				
Bank borrowings (Facility B)	1,863	**1,600**	1,844	**1,616**
Unamortised fair value difference on borrowings	(196)	**(44)**	—	**—**
Debt modification fees	(18)	**(13)**	—	**—**
	1,649	**1,543**	1,844	**1,616**
4.5% Senior Secured Notes due 2022	500	**700**	499	**734**
Debt issue costs	(9)	**(7)**	—	**—**
	491	**693**	499	**734**
Total Borrowings	2,140	**2,236**	2,343	**2,350**

Bank borrowings (Facility B)

At 30 June 2017, the group has Senior Bank borrowings (Facility B) of €1,600 million, which are subject to a Senior Facilities Agreement, with a maturity date of 18 April 2024.

The borrowings under the Senior Facilities Agreement were recognised initially in accordance with IAS 39 at their fair value on the date of recognition, 11 June 2012, which was estimated to be 77% of the par value of the liability. The difference between the fair value on initial recognition and the amount that was payable on the maturity date is being amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39. The remaining unamortised amount at 30 June 2017 was €44 million.

In August 2016, the group used proceeds from the Senior Secured Notes tap issue to repay €201 million of the pre-existing Facility B3 Senior Bank borrowings. Also, during August 2016, the group agreed amendments to the terms of its Senior Facilities Agreement, which resulted in the total outstanding Facility B3 borrowings of €1,662 million being transferred to a new Facility B4, with identical interest (EURIBOR plus 4.5%) and repayment terms.

In October 2016, the group used its existing cash to repay €51 million of its Senior Facility borrowings and also agreed amendments to the terms of its Senior Facilities Agreement, which resulted in the total outstanding Facility B4 borrowings of €1,611 million being transferred to a new Facility B5, with interest at EURIBOR plus 4% (a reduction from EURIBOR plus 4.5% applicable to Facility B4).

In April 2017, the group repaid €11 million of its Senior Bank Borrowings from its cash reserves and entered into a new €1,600 million Senior Facilities Agreement with a maturity date of April 2024 to replace the existing Senior Facilities Agreement. The new borrowings are subject to EURIBOR plus 3.25% margin (a reduction from EURIBOR plus 4% applicable to Facility B5). The terms of the Senior Facilities Agreement have also been improved by reducing the covenant compliance framework which will allow the group greater operational flexibility in the future. The group complied with covenant tests during the year ended 30 June 2017.

23. Borrowings – continued

The refinancing of Facility B borrowings during the year included new money commitments, as well as the exchange of borrowings under the existing facilities at par. The prepayment of the existing borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €131 million in the income statement within ‘finance costs’.

Senior Secured Notes

In August 2016, the group issued €200 million in additional Senior Secured Notes with a maturity date of 31 May 2022, and at an offering price of 101.5%. The €200 million issue, for which cash proceeds of €203 million were received before deduction of transaction costs, was structured as a tap issue to the €500 million Senior Secured Notes issued in June 2016. The Notes were issued by the group’s wholly owned subsidiary, eircom Finance DAC. The Notes rank equally in priority of payment with the existing borrowings subject to the Senior Facilities Agreement. The Notes are subject to fixed rate cash-pay interest at 4.5% payable in semi-annual instalments in May and November each year. Total costs directly attributable to the transaction incurred by the group were €3 million (30 June 2016: €9 million).

Transaction costs are initially deferred and are subsequently amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39.

Fair values

The fair value of borrowings are determined by reference to quoted market prices in active markets at the balance sheet date (classified as level 1 in the fair value hierarchy).

Maturity of financial borrowings

The maturity profile of the carrying amount of the group’s borrowings is set out below:

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Bank borrowings (Facility B)	**—**	**—**	**—**	**1,600**	**1,600**
Unamortised fair value difference on borrowings	**—**	**—**	**—**	**(44)**	**(44)**
Debt modification fees	**—**	**—**	**—**	**(13)**	**(13)**
	—	**—**	**—**	**1,543**	**1,543**
4.5% Senior Secured Notes due 2022	**—**	**—**	**700**	**—**	**700**
Debt issue costs	**—**	**—**	**(7)**	**—**	**(7)**
	—	**—**	**693**	**—**	**693**
At 30 June 2017	**—**	**—**	**693**	**1,543**	**2,236**
Bank borrowings (Facility B)	—	—	—	1,863	1,863
Unamortised fair value difference on borrowings	—	—	—	(196)	(196)
Debt modification fees	—	—	—	(18)	(18)
	—	—	—	1,649	1,649
4.5% Senior Secured Notes due 2022	—	—	—	500	500
Debt issue costs	—	—	—	(9)	(9)
	—	—	—	491	491
At 30 June 2016	—	—	—	2,140	2,140

Borrowing facilities

The group has a €150 million revolving credit facility, which was undrawn at 30 June 2017.

Currency

All of the group’s borrowings are denominated in euro.

24. Derivative financial instruments

	Carrying Amount		Fair Value	
	30 June 2016 €m	30 June 2017 €m	30 June 2016 €m	30 June 2017 €m
Non – current liabilities				
Interest rate swaps – cash flow hedges	—	**—**	—	**—**
Interest rate swaps – ineligible for hedge accounting	7	**—**	7	**—**
Current liabilities				
Interest rate swaps – ineligible for hedge accounting	6	**5**	6	**5**
Total liabilities	13	**5**	13	**5**

The group does not use derivatives for trading or speculative purposes.

Interest rate swaps – cash flow hedges

In April 2017, the group entered into three forward starting interest rate swaps designated and eligible for hedge accounting with a total notional principal amount of €650 million for a period of three years from 11 June 2018 to 11 June 2020. The fixed interest rate on the swaps was between 0.222% and 0.223% and the floating rate was based on Euribor. These swaps will replace the previous three year swaps which expire on 11 June 2018.

Interest rate swaps – ineligible for hedge accounting

In November 2014, the group entered into two forward starting interest rate swaps with a total notional principal amount of €1,200 million for a period of three years from 11 June 2015 to 11 June 2018. The fixed interest rate on the swaps was between 0.093% and 0.105% and the floating rate was based on Euribor. On initial recognition, the interest rate swaps were designated as cash flow hedges in accordance with IAS 39. On 11 June 2015, the group effected an amendment and extension of the terms of its Facility B borrowings and the 'Amendment and Restatement' included the introduction of a floor for LIBOR and EURIBOR of zero. There is no corresponding floor in the group's interest rate swaps and therefore, the group's interest rate swaps ceased to meet the criteria for hedge accounting under IAS 39. The fair value of these derivatives are recognised immediately in the income statement.

The unrealised gain recognised in the income statement during the year ended 30 June 2017 that arises from derivatives ineligible for hedge accounting is €8 million (30 June 2016: loss of €11 million). These amounts have been classified in the income statement within 'finance costs'.

25. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Unused tax losses for which no deferred tax asset has been recognised were €26 million at 30 June 2017 (30 June 2016: €33 million), which would equate to a potential tax benefit of €3 million at the standard Irish corporation tax rate of 12.5%. The losses were incurred by a subsidiary undertaking which was acquired during the year ended 30 June 2016.

25. Deferred tax liabilities – continued

Recognised net deferred tax liabilities

Net deferred tax liabilities are attributable to the following

	Assets 30 June 2017 €m	Liabilities 30 June 2017 €m	Net 30 June 2017 €m
Intangibles	**—**	**(14)**	**(14)**
Property, plant and equipment	**—**	**(75)**	**(75)**
Deferred revenues	**1**	**—**	**1**
Leases	**12**	**—**	**12**
Pensions	**32**	**—**	**32**
	45	**(89)**	**(44)**

	Assets 30 June 2016 €m	Liabilities 30 June 2016 €m	Net 30 June 2016 €m
Intangibles	—	(18)	(18)
Property, plant and equipment	—	(86)	(86)
Deferred revenues	1	—	1
Leases	13	—	13
Pensions	43	—	43
	57	(104)	(47)

The movement in net deferred tax liabilities was as follows:

	1 July 2016 €m	Arising on acquisition €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2017 €m
Intangibles	**(18)**	**—**	**4**	**—**	**(14)**
Property, plant and equipment	**(86)**	**—**	**11**	**—**	**(75)**
Deferred revenues	**1**	**—**	**—**	**—**	**1**
Leases	**13**	**—**	**(1)**	**—**	**12**
Pensions	**43**	**—**	**4**	**(15)**	**32**
	(47)	**—**	**18**	**(15)**	**(44)**

	1 July 2015 €m	Arising on acquisition €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2016 €m
Intangibles	(20)	(1)	3	—	(18)
Property, plant and equipment	(95)	—	9	—	(86)
Deferred revenues	1	—	—	—	1
Leases	14	—	(1)	—	13
Provisions	1	—	(1)	—	—
Pensions	53	—	4	(14)	43
	(46)	(1)	14	(14)	(47)

26. Provisions for other liabilities and charges

	TIS Annuity Scheme €m	Restructuring Costs €m	Onerous Contracts €m	Asset Retirement Obligations €m	Deferred consideration €m	Other €m	Total €m
Balance at 1 July 2015	24	—	8	56	—	45	133
Arising on acquisition (Note 40)	—	—	—	—	3	—	3
Charged to consolidated income statement:							
– Additional provisions	—	—	19	1	—	2	22
– Unused amounts reversed	—	—	(2)	—	—	(2)	(4)
– Unwinding of discount	—	—	—	1	—	—	1
Transfer to receivables	—	—	—	—	—	(3)	(3)
Increase in provision capitalised as asset retirement obligation	—	—	—	3	—	—	3
Utilised in the financial year	(6)	—	(1)	(1)	—	(5)	(13)
At 30 June 2016	18	—	24	60	3	37	142
Charged to consolidated income statement:							
– Additional provisions	**—**	**34**	**27**	**—**	**1**	**3**	**65**
– Unused amounts reversed	**—**	**—**	**(1)**	**—**	**—**	**(1)**	**(2)**
– Unwinding of discount	**—**	**—**	**1**	**—**	**—**	**—**	**1**
Decrease in provision capitalised as asset retirement obligation	**—**	**—**	**—**	**(9)**	**—**	**—**	**(9)**
Utilised in the financial year	**(4)**	**—**	**(8)**	**(1)**	**—**	**(7)**	**(20)**
At 30 June 2017	**14**	**34**	**43**	**50**	**4**	**32**	**177**

Provisions have been analysed between current and non-current as follows:

	30 June 2016 €m	30 June 2017 €m
Non-current	108	**110**
Current	34	**67**
	142	**177**

(a) Temporary income stream ("TIS") annuity scheme

The eircom Limited group established an annuity scheme whereby employees participating in a voluntary termination scheme could accept payment in one lump sum or as an annuity to be paid out over a period of ten years. The group estimates the annuity liability as the present value of the fixed payment stream due to employees. At 30 June 2017, the remaining TIS annuity scheme provision is expected to be substantially utilised over a period of five years.

(b) Restructuring costs

The group announced in June 2017 a restructuring programme, including a voluntary leaving plan, to reduce its workforce and included a provision of €34 million in the year ended 30 June 2017. The restructuring provision reflects the current estimate of the staff exit costs associated with the plan for which the group has constructive obligations at year end, and includes the estimated benefit payable to staff availing of the scheme and the associated pension impact.

26. Provisions for other liabilities and charges – continued

(c) Onerous Contracts

The group has onerous contracts associated with vacant offices and leasehold properties, arising principally from operational restructurings. The group also has onerous contracts associated with ongoing data centre operations and in relation to the settlement of certain legal matters. At 30 June 2017, the liabilities are expected to be discharged over a period of one to sixteen years.

Significant estimates and judgements

The group has estimated the future cash outflows arising from these onerous contracts. The estimation of outflows reflect current economic conditions and estimates are used in determining the level of provisions required in respect of leasehold properties, including properties still in use. The estimation of outflows also reflects current economic conditions and judgements in respect of sub lease income on certain properties. If the group were unable to sublet the properties for the duration of the lease an additional provision of €26 million would be required in the financial statements.

(d) Asset Retirement Obligations

The group has provisions for costs arising from certain obligations in relation to the retirement and decommissioning of assets, mainly certain poles, batteries, international cable and dismantling and restoration of mobile antenna sites. It is expected that most of these costs will be paid during the period 2018 to 2031, and these anticipated cash flows are discounted using a real rate of return of between 2% and 4%.

Significant estimates and judgements

Significant judgement is required in determining the amount and timing of cash flows associated with the asset retirement obligations as some of the cash flows are anticipated up to 15 years in the future, and there has been no significant retirement or decommissioning costs incurred to date. There are also ongoing changes in legislation which impact on the group's assessment on the level of cost and the manner in which certain asset retirement obligations can be met. Any adverse changes in legislation or interpretations of existing legislation could have a significant impact on the group's estimate of its asset retirement obligations.

(e) Deferred consideration

The deferred consideration arrangement arising on the business combination in the year ended 30 June 2016 requires the group to make a payment of €3 million to the former owners of Setanta Sports Channel Ireland Limited following the acquisition of the subsidiary undertaking by the group on 1 April 2016. This liability will become due on 1 October 2018, subject to warranties set out in the Share Purchase Agreement.

The additional provision of €1 million included in the year ended 30 June 2017 and charged to exceptionals is payable 1 April 2018.

(f) Other

The group is self insured in respect of certain personal injury and damage claims for the estimated cost of incidents which have occurred up to 30 June 2017, based on a case by case review with actuarial assistance. The payments will be made as the cases are settled. The group also has provisions for costs arising from certain compliance matters, consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business.

Significant estimates and judgements

In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following: (1) the period in which the underlying cause of the pending or threatened litigation or of

26. Provisions for other liabilities and charges – continued

the actual or possible claim or assessment occurred, (2) the degree of probability of an unfavourable outcome, and (3) the ability to make a reasonable estimate of the amount of loss. Upon considering the above and other known relevant facts and circumstances, the group recognises any loss that is considered probable and that can be measured reliably as of the balance sheet date. In addition, the group provides for other items of an uncertain timing or amount, such as liabilities arising as a result of self-insurance and disputes with third parties, including regulatory and taxation authorities. These provisions are recognised when the group has a legal or constructive obligation as a result of past events and a reliable estimate of that obligation can be made. Estimates and judgements are used in determining the level of provisioning required and the timing of payments.

For additional information see details of the contingent liabilities set out in Note 37.

27. Trade and other payables

	30 June 2016 €m	30 June 2017 €m
Non-current liabilities: -		
Unfavourable lease contracts arising on acquisition	93	**85**
Trade payables	54	**43**
	147	**128**
Current liabilities: -		
Unfavourable lease contracts arising on acquisition	8	**8**
Trade payables	114	**116**
Interest payable	5	**6**
Other tax and social insurance payable	40	**42**
Accruals	179	**150**
Deferred income	108	**116**
	454	**438**

The fair values of trade and other payables approximate to their carrying amounts.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

28. Equity Share Capital

The share capital at 30 June 2017 and 30 June 2016 is set out below:-

As at 30 June 2017 and 30 June 2016				
Authorised			**Issued – presented as equity**	
Number and Class of Share	**Amount €**	Nominal Value per Share	Number and Class of Share	**Amount €**
10,000,000 Ordinary shares	10,000,000	€1.00 each	2 Ordinary shares	2
Equity share capital	**10,000,000**		**Equity share capital**	**2**

There were no alterations to the issued share capital of eircom Holdings (Ireland) Limited during the year ended 30 June 2017.

28. Equity Share Capital – continued

Rights attaching to the ordinary shares are as follows:

The Ordinary Shares carry the right to receive notice of, attend and vote at, general meetings of the Company. The Ordinary shares carry the right to receive dividends as and when declared by the Directors. On a winding-up of the Company the Ordinary shares carry the right to share in any surplus assets of the Company.

29. Reconciliation of total shareholders' equity

	Equity share capital €m	Capital Contribution €m	Cash flow hedging reserve €m	Retained earnings /(loss) €m	Total equity €m
At 1 July 2015	—	47	—	(774)	(727)
Loss for the financial year	—	—	—	(158)	(158)
Defined benefit pension scheme remeasurement gain	—	—	—	112	112
Tax on defined benefit pension scheme remeasurement gain	—	—	—	(14)	(14)
Cash flow hedges:					
– Fair value gain in year	—	—	2	—	2
Currency translation differences	—	—	—	(1)	(1)
Capital contribution in respect of MIP equity value event	—	5	—	—	5
Dividends relating to equity shareholders	—	—	—	(1)	(1)
Balance at 30 June 2016	**—**	**52**	**2**	**(836)**	**(782)**
Loss for the financial year	**—**	**—**	**—**	**(226)**	**(226)**
Defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**121**	**121**
Tax on defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**(15)**	**(15)**
Currency translation differences	**—**	**—**	**—**	**(1)**	**(1)**
Capital contribution in respect of MIP equity value event	**—**	**2**	**—**	**—**	**2**
Dividends relating to equity shareholders	**—**	**—**	**—**	**(1)**	**(1)**
Balance at 30 June 2017	**—**	**54**	**2**	**(958)**	**(902)**

30. Cash generated from operations

Reconciliation of consolidated operating profit to net cash inflow from operating activities:

a) Cash generated from operations

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Loss after taxation	(158)	**(226)**
Addback:		
Income tax credit	(11)	**(10)**
Share of profit of joint venture	(2)	**(10)**
Finance costs – net	226	**277**
Operating profit	55	**31**
Adjustments for:		
– Profit on disposal of property, plant and equipment	(7)	**(4)**
– Depreciation and amortisation	368	**378**
– Non cash lease contracts	(8)	**(7)**
– Non cash retirement benefit charge	15	**19**
– Restructuring programme costs	27	**52**
– Other non cash exceptional items	19	**32**
– Other non cash movements in provisions	2	**2**
Cash flows relating to restructuring and provisions	(21)	**(46)**
Cash flows relating to construction contracts	—	**(1)**
Changes in working capital		
– Inventories	(3)	**(4)**
– Trade and other receivables	19	**20**
– Trade and other payables	(5)	**(8)**
Cash generated from operations	461	**464**

b) In the group cash flow statement, proceeds from sale of property, plant and equipment (PPE) comprise:

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Profit on disposal of property, plant and equipment	7	**4**
Proceeds from sale of property held on account with third party	(2)	**2**
Net book value of PPE disposals (Note 14)	4	**10**
Proceeds from sale of PPE	9	**16**

31. Post Balance Sheet Events

There have been no significant events affecting the group since the year ended 30 June 2017.

32. Principal Subsidiaries and Joint Ventures

	Interest in Ordinary Shares at 30 June 2017	Business	Registered Office and Country of Incorporation
eircom Limited	100%	Provision of telecommunications and related services	**Registered office (Irish Branch):** 1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland. **Registered office (Jersey):** 22 Grenvile Street, St. Helier, Jersey JE4 8PX, Channel Islands.
Meteor Mobile Communications Limited	100%	Provision of mobile telecommunications and related services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom Finco Sarl	100%	Finance Company	46A Avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
eircom Finance DAC	100%	Finance Company	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Irish Telecommunications Investments DAC	100%	Telecommunications Financing and Treasury Management	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom UK Limited	100%	Provision of Telecommunications and Related Services	South Quay Plaza II, 183 Marsh Wall, London E14 9SH, UK.
eircom Sport Limited	100%	Provision of Television Programme Services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Tetra Ireland Communications Limited (Joint venture)	56%	Build and Operate National Digital Radio Services Network	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.

33. Employees

The total number of persons employed by the group as at 30 June 2017 and 30 June 2016 were as follows:-

	30 June 2016	30 June 2017
Fixed line		
Operations/Technical	2,114	**2,072**
Sales/Customer Support	665	**617**
Administration	259	**266**
Total	3,038	**2,955**
Mobile		
Operations/Technical	136	**121**
Sales/Customer Support	157	**173**
Administration	33	**30**
Total	326	**324**
Total fixed line and mobile	3,364	**3,279**

Certain employees work in both the fixed and mobile businesses. The employee numbers are based on the entity that entered into the employment contract with the individual employees. The employee costs are recharged between the fixed and mobile segments based on estimates of the time spent by individual employees on fixed and mobile activities.

34. Pensions

(a) The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature.

The total group pension charge is split between the schemes as follows:

	Notes	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Defined Benefit Schemes (the principal scheme)			
Operating costs – staff pension costs	7	29	**34**
Exceptional – restructuring programme costs	8	2	**2**
Finance costs – net interest cost on net pension liability	10	11	**6**
Defined Benefit Schemes		42	**42**
Defined Contribution Schemes	7	4	**5**
Total		46	**47**

Defined Benefit Schemes

The group sponsors a defined benefit scheme for members in Ireland, the eircom Main Superannuation Scheme. In the year ended 30 June 2014, the group established a separate, limited scope ancillary scheme, the eircom Limited early retirement pension scheme ('Early Retirement Trust'). At 30 June 2017, the eircom Main Superannuation Fund accounts for in excess of 99% of the group's defined benefit obligations measured in accordance with IAS 19 (Revised) "Employee Benefits".

The defined benefit schemes are funded and the assets of the schemes are held in separate trustee administered funds, the eircom Main Superannuation Fund and the Early Retirement Trust.

Regulatory Framework

The group operates the defined benefit plans under broadly similar regulatory frameworks. Benefits under the Schemes are paid to members from a fund administered by Trustees, who are responsible for ensuring

34. Pensions – continued

compliance with the Pensions Act 1990 and other relevant legislation. Plan assets are held in trusts and are governed by local regulations and practice in each country.

eircom Main Superannuation Scheme

The Scheme is closed to new entrants. However, benefits continue to accrue to members in active service, and benefits in deferment and in payment are subject to discretionary increases on the part of the group.

Retirement benefits under the Main Superannuation Scheme are calculated by reference to pensionable service and pensionable salary at normal retirement date. Principal benefits comprise of:

(i) Retirement pension, calculated at 1/80th of pensionable pay for each year of reckonable service, up to a maximum of 40/80ths (that is, half pensionable pay). Pensionable pay in most cases is made up of a member's wages or salary at the last day of service plus certain pensionable allowances

(ii) Retirement gratuity (also known as "lump-sum"), calculated at 3/80th of pensionable pay for each year of reckonable service, up to a maximum of 120/80ths (that is, one and a half times pensionable pay).

(iii) Death gratuity, for in-service members, of at least one year's pensionable pay subject to a limit of one and a half times pensionable salary calculated in the same manner as the retirement gratuity.

On an ongoing basis, the Scheme's liabilities consist of obligations to make benefit payments to current and potential future beneficiaries. As a result of the Pensions Accord, agreed with Trade Unions in 2010, pension increases, if any, will be capped at the lowest of the following:

- the percentage increase in actual pay awarded;
- the percentage increases in consumer prices in the year as measured by the Consumer Price Index (CPI) published by the CSO for the prior year to 31 December; and
- a specified maximum annual increase as follows:
  - 4.00% in each of 2016 and 2017
  - 3.25% in each of 2018, 2019 and 2020
  - 2.50% in each year thereafter

Early Retirement Trust

The Early Retirement Trust was established in the year ended 30 June 2014 to provide benefits to staff exiting under the Incentivised Exit Programme who opted to avail of an enhanced early retirement option with up to five years added service. In addition to their pre-existing membership of the eircom Main Superannuation Scheme, those individuals became members of the Early Retirement Trust, which provides fixed pension benefits between the last day of service and age sixty. At age sixty, benefits from the Early Retirement Trust cease and the preserved benefits under the eircom Main Superannuation Scheme become payable. The Early Retirement Trust is closed to future accrual of benefits.

eircom Main Superannuation Scheme Actuarial Valuation and Funding

The actual contribution rate in respect of the principal scheme of 8.5% of pensionable emoluments will be maintained going forward, subject to a floor of €8.5 million payable in any given year for the period from 1 October 2016 to 30 September 2019, as advised by the group's actuaries. The last actuarial valuation of the principal scheme was carried out using the attained age method, as at 30 September 2016, by Mercer, who are actuaries to the Scheme but are neither officers nor employees of the group. The actuarial method used involved determining an appropriate future group contribution rate designed to fund the projected liabilities of the Scheme related to service subsequent to 1 January 1984 (see Note 34 (b)) over the remaining working lifetime of the current members.

34. Pensions – continued

The actuarial valuation as at 30 September 2016 was determined by reference to the following critical assumptions: (1) an assumed rate of pensionable pay and pension inflation of 1.47% per annum from 30 June 2018 and (2) an assumed rate of investment return of 2.12%. At the date of the last actuarial valuation, the market value of the pension scheme assets was €4,413 million, and the actuarial valuation of the assets attributable to the pension fund was sufficient to meet more than 100% of the value of the scheme's accrued liabilities making due allowance for future increases in salaries and pensions.

The actuarial valuation report also indicated that the Scheme met the Minimum Funding Standard as at 30 September 2016, and included a completed Actuarial Funding Certificate confirming this outcome. The actuarial report is available for inspection by the members of the scheme at 1 Heuston South Quarter, St. John's Road, Dublin 8. The actuarial report is not available for public inspection.

While it is intended that the next scheduled formal valuation of the Scheme will be undertaken at 30 September 2019, the financial position of the Scheme may need to be reviewed if a significant event occurs which materially affects either the financial position of the Scheme or the Trustees' funding policy.

Mercer also perform all annual valuations required under IAS 19 "Employee Benefits". These valuations are performed on the projected unit basis.

Defined Benefit Schemes obligations

The status of the defined benefit schemes, as measured in accordance with IAS 19 (Revised) "Employee Benefits", is as follows:

	30 June 2016 €m	30 June 2017 €m
Present value of funded obligations	4,730	**4,455**
Fair value of scheme assets	(4,384)	**(4,197)**
Liability recognised in the Balance Sheet	346	**258**

Reconciliation of defined benefit obligation	30 June 2016 €m	30 June 2017 €m
At beginning of financial period	4,331	**4,730**
Current service cost	28	**33**
Interest cost	103	**77**
Past service costs and curtailment losses	2	**2**
Remeasurements:		
– Loss/(gain) from change in demographic assumptions	—	**—**
– Loss/(gain) from change in financial assumptions	494	**(232)**
– Experience gain	(130)	**(49)**
Contributions by employees	8	**7**
Benefits paid	(106)	**(113)**
Total – Defined benefit obligation	4,730	**4,455**

Defined benefit obligation by member status	30 June 2016 €m	30 June 2017 €m
Actives	1,279	**1,231**
Vested deferreds	1,834	**1,317**
Retirees	1,617	**1,907**
Total – Defined benefit obligation	4,730	**4,455**

34. Pensions – continued

Reconciliation – Fair value of plan assets	30 June 2016 €m	30 June 2017 €m
At beginning of financial period	3,905	**4,384**
Interest income on plan assets	92	**71**
Administration costs	(1)	**(1)**
Remeasurements: Return on plan assets, excluding amounts included in interest income	476	**(160)**
Contributions paid by group	10	**9**
Contributions by employees	8	**7**
Benefits paid	(106)	**(113)**
Total – Fair value of plan assets	4,384	**4,197**

The components of the amounts recognised in the income statement are as follows:

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Current service cost	28	**33**
Administration costs	1	**1**
Interest on obligation	103	**77**
Interest income on plan assets	(92)	**(71)**
Total net charge included in the income statement excluding restructuring	40	**40**
Past service costs and curtailment losses	2	**2**
Total net charge included in the income statement	42	**42**
Actual return on scheme assets	568	**(89)**

The expected contribution level for the year ended 30 June 2018 for the defined benefit scheme is €9 million.

The weighted average duration of scheme liabilities at 30 June 2017 was estimated to be 17 years (30 June 2016: 17 years).

Pension scheme assets

The fair value of scheme assets as at 30 June 2017 was €4,197 million (30 June 2016: €4,384 million).

The table below presents a breakdown of the various types of investment in which the pension assets are invested:

	30 June 2016				30 June 2017			
	Quoted €m	Unquoted €m	Total €m	%	Quoted €m	Unquoted €m	Total €m	%
Equities & other assets	313	281	594	14%	**196**	**223**	**419**	**10%**
Bonds	2,654	508	3,162	72%	**2,775**	**328**	**3,103**	**74%**
Property	—	616	616	14%	**—**	**647**	**647**	**15%**
Cash	—	12	12	—	**—**	**28**	**28**	**1%**
Total pension assets	2,967	1,417	4,384	100%	**2,971**	**1,226**	**4,197**	**100%**

34. Pensions – continued

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2016	At 30 June 2017
Rate of increase in salaries	1.40%	1.55%
Rate of increase in pensions in payment	1.40%	1.55%
Discount rate	1.65%	2.10%
Inflation assumption	1.50%	1.65%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	88 years	88 years
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old female	90 years	90 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old male	91 years	91 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old female	93 years	93 years

The above assumptions reflect the imposition of a cap on the increases in pensionable pay to the lower of CPI, salary inflation or agreed fixed annual rates.

Sensitivity of defined benefit obligation to key assumptions

The table below sets out the sensitivity of defined benefit obligation to changes in key assumptions:

	Change in Assumption	Impact on actuarial liabilities
Discount rate	0.25% increase	(181)
Rate of increase in salaries and pensions in payment	0.25% increase	191
Life expectancy	1 year increase	159

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, a change in one assumption could impact on other assumptions due to the relationship between assumptions.

Risks and risk management

Through its defined benefit pension schemes, the group is exposed to a number of areas of risk. The key areas of risk, and the ways in which the group has sought to manage them, are set out below.

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funds hold a certain proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

There is also an element of credit risk attaching to the bond portfolio and currency risk to the extent that assets are denominated in currencies other than the euro and are not correspondingly hedged.

Changes in bond yields

From an accounting liability perspective, the schemes are also exposed to movements in corporate bond spreads. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

34. Pensions – continued

Inflation risk

The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plans against high inflation.

Life expectancy

The majority of the schemes' obligations are to provide a pension for the life of the member and that of the member's widowed spouse, which means that increases in life expectancy will result in an increase in the plans' liabilities.

Significant estimates and judgements

Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs

The group operates a funded defined benefit scheme, which is independent of the group's finances, for the majority of employees. Valuations of the main scheme are carried out by the scheme actuaries. The rates of contribution payable and the pension cost are determined on the advice of the actuaries. The cost of these benefits and the present value of the pension liabilities depend on the assumptions made in respect of such factors as the life expectancy of the members of the scheme, the salary progression of current employees, and the interest rate at which the future pension payments are discounted. The group uses estimates for all of these factors in determining the pension costs, surpluses or deficits arising on acquisitions and assets and liabilities reflected in the financial statements.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The group agreed certain caps in 2010 on future increases in pensionable salaries. The maximum increase in any given year is set at the lower of pre-determined fixed annual rates, the rate of CPI or salary inflation. However, there is still a significant level of uncertainty in relation to ultimate pensionable salaries that will apply in determining benefits payable. Differences between assumptions made and actual experience and changes in assumptions made also impact on pension charges. The effect of changes in assumptions on the pension scheme valuation is shown in the above sensitivity analyses.

(b) The Irish Minister for Finance is responsible for meeting and discharging the liability of: (i) the pension costs of former staff of the Irish Department of Posts and Telegraphs who retired or died before the vesting Day (1 January 1984); (ii) costs in respect of the pension entitlements, related to pre-vesting day reckonable service, of staff who transferred to eircom from the Irish Civil Service. Such benefit payments are made from the eircom Number 2 Pension Fund, which was established in March 1999 and received a contribution of €1,016 million from the Irish Minister for Finance in accordance with arrangements set out in the eircom Superannuation (Amendment) Scheme, 1999. However, the Minister retains full liability for these payments.

35. Operating lease commitments

At 30 June 2017, the group had operating lease contractual obligations and commitments in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years. The total contracted payments due on operating leases are as follows:-

	30 June 2016 €m	30 June 2017 €m
Payable:		
No later than one year	37	**37**
Later than one year but no later than five years	101	**98**
Later than five years	202	**192**
	340	**327**

36. Credit guarantees and securities

Credit guarantees

The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings.

Senior Credit Facility

At 30 June 2017, eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €1.6 billion of eircom Finco Sarl pursuant to the Senior Credit Facility of eircom Holdings (Ireland) Limited Group. The group also has an undrawn €150 million revolving credit facility.

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group consists of a €1.6 billion term loan and €150 million undrawn revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The guarantees rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Senior Credit Facility, including the guarantee of the Senior Secured Notes. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement. The Senior Credit Facility is secured by pledges over the shares in eircom Holdings (Ireland) Limited, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl, and fixed and floating charges over the assets of eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Mobile Communications Limited and eircom UK Limited, subject to certain exclusions specified in the security documents. The companies guaranteeing the Senior Credit Facility are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Senior Secured Notes

eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €700 million of eircom Finance DAC, a subsidiary of the group, pursuant to the Senior Secured Notes issued in June and August 2016.

The guarantees are general senior obligations of each guarantor and rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Notes, including the guarantee of the Senior Credit Facility. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement.

The Senior Secured Notes are secured by pledges over the equity interests in eircom Finance DAC and each Guarantor, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl and fixed and floating charges over the assets of the guarantors, subject to certain exclusions specified in the security documents. The guarantors of the Senior Secured Notes are eircom Holdings (Ireland) Limited, eircom

36. Credit guarantees and securities – continued

Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Hedging obligations

The group has entered into derivative financial instruments which are subject, amongst other things, to an Intercreditor Agreement. In accordance with this agreement, the liabilities to hedging counterparties rank in priority to liabilities arising under the Senior Credit Facility and Senior Secured Notes in the event of enforcement action.

Tetra Securities

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group and the Senior Secured Notes of eircom Finance DAC are secured by a second pledge over eircom Limited's shares of Tetra.

37. Contingent liabilities

Enforcement by ComReg

On 20 June 2017, ComReg filed two notices of motion seeking declarations of non-compliance with the Access Regulations (The European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011) ("the Access Regulations") for five alleged breaches and orders that we pay financial penalties. eircom Limited commenced proceedings on 30 June 2017 against the Minister for Communications, Climate Action and Environment and others seeking to quash the financial penalty provisions of the Access Regulations. The ComReg proceedings were in the Commercial List at the High Court on 17 July 2017 for directions, whereupon the matter was adjourned to 9 October 2017, as was eircom Limited's application for a stay of both sets of proceedings pending a decision in its proceedings.

The group believes it has a strong defence to the ComReg proceedings and intends to defend them vigorously.

Three Ireland comparative advertising

On 13 March 2017, Three Ireland (Hutchison) Limited and Palmerstown Limited (a Three group company that is the owner of certain Three trade marks) issued High Court proceedings against eircom Limited in relation to a comparative advertisement. Three claims that the comparative advertisement was misleading and is seeking, among other things, injunctive relief, the publication of a corrective statement, and damages. The proceedings have been listed for hearing in the High Court on 13 February 2018.

eircom Limited has entered a full defence to the proceedings, denying that the advertisement breached the relevant regulations.

Other

Other than as disclosed above, a number of other lawsuits, claims and disputes with third parties including regulatory and taxation authorities have arisen in the normal course of business. While any litigation or dispute with regulatory and tax authorities has an element of uncertainty, the Directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

38. Commitments

Capital commitments of the group which have been contracted for were €53 million at 30 June 2017 (30 June 2016: €76 million). These amounts have been approved by the Board.

38. Commitments – continued

Network share agreement with Three

Three and the group signed a network sharing agreement in August 2015. At the end of 2016, all commercially beneficial site consolidation was fully complete and the opportunity for further commercial synergy was limited. The network sharing agreement remains as is to 2030 and both organisations collaborate on all existing shared sites.

The network sharing agreement between Three and the group is determined to be a joint operation in accordance with the guidance in IFRS 11. The group accounts for its own rights and obligations as well as its share of any joint rights and obligations.

39. Related party transactions

The following transactions were carried out with related parties:

a) Key management compensation

	Year ended 30 June 2016 €m	Year ended 30 June 2017 €m
Salaries and other short-term employee benefits	7.0	**6.3**
Other long-term employee benefits	—	**—**
Post-employment benefits	0.3	**0.3**
	7.3	**6.6**
Termination benefits	0.5	**3.4**
Share based payments	5.0	**2.0**
	12.8	**12.0**

Management Incentive Plan

The management incentive plan ("MIP") was initiated in the year ended 30 June 2013 by the group's parent company, eircom Holdco S.A., for certain directors and senior executives in the group.

The individual participants' entitlements under the MIP are subject to graded vesting on a time basis over five years, although the agreements provide for accelerated vesting in the event of a sale or public offering provided the individual remains employed at such date. The weighted average remaining contractual vesting term of the awards is 1.33 years.

The participants are entitled to receive instruments in a minority shareholding company, which in turn hold instruments in eircom Holdco S.A.. The instruments carry no voting rights and are not transferable. These instruments will be settled on vesting by eircom Holdco S.A., however there is no obligation for the group to make any cash payments.

Under the terms of the MIP there are good and bad leaver clauses, which determine the rights of participants who cease to be employees prior to the occurrence of an exit event.

For the year ended 30 June 2017, the group recognised a charge of €2 million (30 June 2016: €5 million) in its income statement, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the parent company, eircom Holdco S.A., to the group's employees, for which the group has no obligation to make any payment. A cumulative capital contribution of €54 million is recorded on the balance sheet as at 30 June 2017 (30 June 2016: €52 million).

39. Related party transactions – continued

Significant estimates and judgements

Making appropriate assumptions in calculating long term employee benefit charges

Judgement is required in calculating the accrued charges in connection with certain of the group's long term employee incentive arrangements. Where the arrangements give rise to a liability for a holding company, the group recognises a charge with a corresponding increase in equity. The estimate of the MIP charge at grant date is determined using a black scholes model that takes into account the exercise price, the term of the option, the share price at grant date, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of peer group companies.

b) Other related parties transactions

During the year ended 30 June 2015, the group advanced loans totalling €14 million to the ultimate holding company. The amount outstanding at 30 June 2017 is €14 million (30 June 2016: €14 million).

During the year ended 30 June 2017, the group provided transmission and infrastructure services and recharged operating costs incurred on behalf of Tetra Ireland Communications Limited of €6.1 million (30 June 2016: €5.7 million). The amount outstanding in respect of these costs is €1.9 million at 30 June 2017 (30 June 2016: €3.3 million).

40. Business combinations

30 June 2017

There were no business combinations during the year ended 30 June 2017.

30 June 2016

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland), as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). The acquisition allowed eir to significantly expand its TV offering and further enhance the range of propositions on offer to customers. Setanta Sports Ireland offered a compelling range of exclusive sports content in the Republic of Ireland. The acquired business contributed revenues of €8 million and profit of €0.06 million to the group for the period 1 April 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, the group income statement would show pro-forma revenue of €1,327 million (unaudited) and loss of €158 million (unaudited).

Further to the acquisition of the business and assets of Setanta Sports Hibernia Sàrl, eircom Limited agreed amendments with a third party in respect of a key contract acquired as part of the business combination. The amendments gave rise to a substantial enhancement of the contractual asset rights, and accordingly the costs incurred in connection with these contractual amendments have been capitalised.

Details of net assets acquired and goodwill are as follows:

	€'m
Total purchase consideration	
– Cash paid	22
– Deferred consideration (Note 26)	3
	25
Fair value of net assets acquired	(5)
Goodwill (Note 12)	**20**

40. Business combinations – continued

The goodwill represents the value to the group of having an established workforce and the fair value of the expected synergies and other benefits from being able to offer sports programming as part of a bundled fixed line broadband offering by eircom Limited.

The assets and liabilities arising from the acquisition are as follows:

	Fair Value €'m
Cash and cash equivalents	—
Restricted cash	1
Customer relationships (included in other intangible assets) (Note 13)	7
Receivables	7
Payables	(9)
Deferred tax liabilities (Note 25)	(1)
Net assets acquired	**5**

	€'m
Purchase consideration settled in cash	22
Cash and cash equivalents in subsidiary acquired	—
Cash outflow on acquisition	**22**

41. Standards, interpretations and amendments not yet adopted

Certain new standards, interpretations and amendments have been published that are not mandatory for the group's 30 June 2017 reporting period and have not been early adopted by the group. The group's assessment of the impact of these is set out below.

IFRS 9, 'Financial instruments'. (Effective for annual periods beginning on or after 1 January 2018). The new standard principally addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 with a model that has two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets. IFRS 9 removes the requirement to separate embedded derivatives from financial asset host instruments and the cost exemption for unquoted equities. IFRS 9 also specifies that when the payments due under a financial liability are modified, the entity must adjust the carrying value of the financial liability to equal the present value of the revised future cash flows discounted using the original effective interest rate, even if the modification is not substantial. This contrasts with the practice adopted by the group in applying IAS 39 in respect of non-substantial modifications, whereupon no gain or loss was recognised. The group has considered the requirements of the new standard and does not anticipate any major impact on its financial reporting upon implementation as a result of the classification changes. However, as the group has previously renegotiated certain of its financial liabilities, the change in accounting for any non-substantial modifications of financial liabilities is expected to result in a restatement of the effective interest charges arising from the amortisation of transaction costs and initial fair value adjustments for prior periods.

IFRS 9 is expected to have an impact on provisioning for potential future credit losses on financial assets. With the exception of the impact on IFRS 15 contract assets we do not expect the standard to have a material impact on our results. Providing for loss allowances on our existing financial assets is not expected to have a material impact. However, we have not yet quantified the impact on contract assets which will be recognised under IFRS 15. This is being considered as part of the wider IFRS 15 implementation project.

IFRS 15, 'Revenue from Contracts with Customers'. (Effective for periods beginning on or after 1 January 2018). IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial

41. Standards, interpretations and amendments not yet adopted – continued

instruments). IFRS 15 replaces the previous revenue Standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition: IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The group anticipates significant changes in financial reporting upon implementation of the new standard, more specifically:

- Under current revenue accounting policies applied by the group, when allocating revenue to deliverables, amounts contingent upon provision of future service are not allocated to delivered elements. This will no longer be the case under IFRS 15, and the group expects in particular that it will therefore be required to recognise additional revenue at the time of transfer of subsidised handsets sold directly to customers in conjunction with a service contract, and less revenue as services are delivered over the service contract term.
- To the extent that unbilled revenue is recognised upon delivery of handsets, this will be reflected in the balance sheet as a contract asset, which will be subject to ongoing impairment review. Where revenue is recognised earlier than under current standards, impairment charges and tax charges may similarly be recognised earlier.
- IFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. A company would recognise an asset for (i) the incremental costs of obtaining a contract and (ii) costs incurred to fulfil a contract, if those costs are expected to be recovered. Once a performance obligation is satisfied, any contract costs must be recognised in the income statement, The group expects that certain of its contract acquisition and fulfilment costs, which are currently expensed to the income statement as incurred, will be deferred on the balance sheet under IFRS 15 and amortised as revenue is recognised under the related contract. Costs within the scope of this change are expected to include, amongst others, commissions payable to dealers for the acquisition and retention of mobile subscribers and the costs of providing fixed line and mobile services that do not currently meet the criteria for recognition as assets under other standards;
- The accounting for subscriber acquisition costs in the Mobile segment will be impacted by whether or not the company has acted as principal in satisfying the delivery of the subsidised handset to the customer. The new standard also includes updated guidance on identifying the principal where an intermediary is party to a transaction. This guidance places emphasis on control of goods prior to delivery to the customer, which contrasts with the IAS 18 guidance which focussed on the bearer of the substantial risks and rewards associated with the transaction.

At the singular contract level, for example, where a subsidised Mobile handset is sold in conjunction with an airtime contract, the effect of the above changes is expected to result in increased initial profit, or reduced initial loss, though this will reduce the subsequent profit reported during the remainder of the contract, and these timing differences will not impact the total profit reported for a customer contract over the total contract term.

Notwithstanding the expectation that at a singular contract level, initial profit may increase with lower subsequent profit over the contract term, the requirement to retrospectively apply the standard will mean that the increase in initial profit for new contracts in any given financial period will be offset by the reduction in subsequent profit arising from existing contracts. This may have the effect of leading to a net reduction in profit for any given reportable period by comparison with how such profit would have been measured in accordance with existing IFRS.

The group also anticipates that, based on the tax legislation currently in force, the prospective deferral of cost and advance recognition of revenue will result in increased current tax charges in the years immediately following adoption.

41. Standards, interpretations and amendments not yet adopted – continued

The full financial impact of the standard is not yet reasonably estimable, but the group does anticipate that at the adoption date, it will recognise a contract asset by way of increase to retained earnings. In the Fixed Line segment, this contract asset will largely be represented by costs previously expensed in full in respect of sales commissions and customer premises broadband installation costs. In the Mobile segment, this asset will largely be represented by costs previously expensed in respect of subsidised handsets supplied to customers and commissions payments to third parties for the acquisition of customers.

The group is continuing to assess the full impact of IFRS 15 on its financial reporting in light of the distinct and marked impact this standard is expected to have on financial reporting by all telecommunications operators.

IFRS 16, 'Leases'. (Effective for periods beginning on or after 1 January 2019, subject to EU endorsement). IFRS 16 specifies how an entity will recognise, present and disclose leases and will replace the previous lease Standard: IAS 17 Leases. IFRS 16 will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The new standard will however, include two recognition exemptions for leases: (i) leases of 'low-value' assets and (ii) short term leases. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events e.g. a change in the lease term. Lessor accounting will remain substantially unchanged under the new standard. Lessors will continue to classify all leases using the same classification principle as currently exists under IAS 17. The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the changes are expected to have an impact on the consolidated income statement and consolidated statement of financial position. The largest single impact of the standard is expected to be the increase in total assets and total liabilities arising from the recognition of lease assets and liabilities in respect of leases of land and buildings which are currently accounted for as operating leases under IAS 17, off-balance sheet, and for which outstanding commitments at the balance sheet date are currently only disclosed in the notes to the financial statements. On the income statement, the charges for operating leases are expected to be classified as depreciation and finance costs under the new standard, by contrast with their recognition as operating costs under IAS 17. The group has not yet decided whether to adopt IFRS 16 at the same time as IFRS 15 is adopted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

42. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors on 13 September 2017.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EHIL FOR THE YEAR ENDED JUNE 30, 2016

Independent auditors' report to the Directors of eircom Holdings (Ireland) Limited

Report on the non-statutory group financial statements

Our opinion

In our opinion, eircom Holdings (Ireland) Limited's non-statutory group financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 30 June 2016 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the group balance sheet as at 30 June 2016;
- the group income statement for the year then ended;
- the group cash flow statement for the year then ended;
- the group statement of comprehensive income for the year then ended;
- the group statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page F-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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Chartered Accountants

Independent auditors' report to the Directors of eircom Holdings (Ireland) Limited – continued

This report, including the opinion, has been prepared for and only for the company's directors as a body in accordance with our engagement letter dated 8 March 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We draw your attention to the fact that these financial statements have not been prepared under section 293 of the Companies Act 2014 and are not the company's statutory group financial statements.

Pricewaterhouse Coopers
Chartered Accountants
Dublin
1 September 2016

eircom Holdings (Ireland) Limited

Statement of Directors' Responsibilities for Financial Statements
For the Year Ended 30 June 2016

The Directors are responsible for preparing the non-statutory consolidated financial statements for the bondholders in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and for being satisfied that they give a true and fair view of the state of the group's affairs at the end of the financial year and of the profit or loss and cash flows of the group for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- ensure that the financial statements comply with IFRS, as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These non-statutory consolidated financial statements have been approved for issue by the Directors on 1 September 2016.

eircom Holdings (Ireland) Limited

Group income statement
For the Year Ended 30 June 2016

	Notes	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Revenue	6	1,249	**1,294**
Operating costs excluding amortisation, depreciation, impairment and exceptional items	7	(779)	**(810)**
Amortisation	7, 13	(53)	**(88)**
Depreciation and impairment of property, plant & equipment	7, 14	(264)	**(280)**
Exceptional items	7, 8	(31)	**(68)**
Profit on disposal of property, plant and equipment	7, 9	1	**7**
Operating profit		123	**55**
Finance costs	10 (a)	(227)	**(226)**
Finance income	10 (b)	—	**—**
Finance costs – net	10	(227)	**(226)**
Share of profit of investments accounted for using the equity method		1	**2**
Loss before tax		(103)	**(169)**
Income tax credit	11	8	**11**
Loss for the financial year attributable to equity holders	29	(95)	**(158)**

Group statement of comprehensive income
For the Year Ended 30 June 2016

	Notes	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Loss for the financial year attributable to equity holders	29	(95)	**(158)**
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Defined benefit pension scheme actuarial (losses)/gains:			
– Actuarial (loss)/gain in year	34	(27)	**112**
– Tax on defined benefit pension scheme actuarial losses/(gains)	16, 25	3	**(14)**
		(24)	**98**
Items that may be reclassified subsequently to profit or loss			
Net changes in cash flow hedge reserve:			
– Fair value gain in year	29	1	**2**
Currency translation differences	29	1	**(1)**
		2	**1**
Other comprehensive (expense)/income, net of tax		(22)	**99**
Total comprehensive expense for the financial year attributable to equity holders	29	(117)	**(59)**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group balance sheet
As at 30 June 2016

	Notes	30 June 2015 €m	30 June 2016 €m
ASSETS			
Non-current assets			
Goodwill	12	192	**212**
Other intangible assets	13	435	**429**
Property, plant and equipment	14	1,527	**1,451**
Investments	15	2	**4**
Derivative financial instruments	24	1	**—**
Deferred tax asset	16	6	**4**
Other assets	17	15	**15**
		2,178	**2,115**
Current assets			
Inventories	18	9	**12**
Trade and other receivables	19	232	**222**
Restricted cash	20	8	**10**
Cash and cash equivalents	21	186	**148**
		435	**392**
Total assets		2,613	**2,507**
LIABILITIES			
Non-current liabilities			
Borrowings	23	2,106	**2,140**
Derivative financial instruments	24	2	**7**
Trade and other payables	27	152	**147**
Deferred tax liabilities	25	46	**47**
Retirement benefit liability	34	426	**346**
Provisions for other liabilities and charges	26	101	**108**
		2,833	**2,795**
Current liabilities			
Derivative financial instruments	24	2	**6**
Trade and other payables	27	461	**454**
Current tax liabilities		12	**—**
Provisions for other liabilities and charges	26	32	**34**
		507	**494**
Total liabilities		3,340	**3,289**
EQUITY			
Equity share capital	28, 29	—	**—**
Capital contribution	29	47	**52**
Cash flow hedging reserve	29	—	**2**
Retained loss	29	(774)	**(836)**
Total equity	29	(727)	**(782)**
Total liabilities and equity		2,613	**2,507**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group cash flow statement
For the Year Ended 30 June 2016

	Notes	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Cash flows from operating activities			
Cash generated from operations	30	423	**461**
Interest paid		(128)	**(133)**
Income tax paid		—	**(17)**
Net cash generated from operating activities		295	**311**
Cash flows from investing activities			
Acquisition of subsidiary undertaking, net of cash acquired		—	**(22)**
Purchase of property, plant and equipment ("PPE")		(249)	**(227)**
Purchase of intangible assets		(43)	**(66)**
Proceeds from sale of PPE		6	**9**
Restricted cash		6	**(1)**
Loan advanced to holding company		(14)	**—**
Net cash used in investing activities		(294)	**(307)**
Cash flows from financing activities			
Dividends paid to equity shareholders		(1)	**(1)**
Repayment on borrowings		(238)	**(2,526)**
Proceeds from loan borrowings		238	**2,367**
Proceeds from issuance of 4.5% Senior Secured Notes		—	**500**
Repayment of 9.25% Senior Secured Notes		—	**(350)**
Cost on redemption of 9.25% Senior Secured Notes		—	**(16)**
Debt issue costs		—	**(9)**
Fees paid in respect of Revolving Credit Facility		—	**(3)**
Amend and extend fees paid		(7)	**(4)**
Net cash used in financing activities		(8)	**(42)**
Net decrease in cash, cash equivalents and bank overdrafts		(7)	**(38)**
Cash and cash equivalents and bank overdrafts at beginning of financial year		193	**186**
Cash, cash equivalents and bank overdrafts at end of financial year	21	186	**148**

The accompanying notes form an integral part of the financial statements.

eircom Holdings (Ireland) Limited

Group statement of changes in equity
For the Year Ended 30 June 2016

	Notes	Total Equity €m
Balance at 1 July 2014	29	**(647)**
Total comprehensive expense for the financial year	29	(117)
Capital contribution in respect of MIP equity value event	29	11
Reclassification to equity of MIP debt value event provision	29	27
Dividends relating to equity shareholders	29	(1)
Balance at 30 June 2015	29	(727)
Balance at 1 July 2015	29	**(727)**
Total comprehensive expense for the financial year	29	**(59)**
Capital contribution in respect of MIP equity value event	29	**5**
Dividends relating to equity shareholders	29	**(1)**
Balance at 30 June 2016	29	**(782)**

The accompanying notes form an integral part of the financial statements.

1. General information

eircom Holdings (Ireland) Limited and its subsidiaries together ("the group" or "eircom Holdings (Ireland) Limited group" or "EHIL Group"), provide fixed line and mobile telecommunications services in Ireland.

eircom Holdings (Ireland) Limited was incorporated on 23 April 2012. eircom Holdings (Ireland) Limited directly holds 100% of the issued share capital of two principal subsidiaries: eircom Finco Sarl and eircom Limited. eircom Holdings (Ireland) Limited incorporated eircom Finco Sarl, a company registered in Luxembourg, on 24 May 2012.

On 11 June 2012, eircom Holdings (Ireland) Limited acquired 100% of the issued share capital of eircom Limited for €1.00 pursuant to a Scheme of Arrangement approved by the Irish High Court. The principal trading activities of the group are undertaken by eircom Limited and its subsidiaries. eircom Limited is the incumbent telecommunications operator in the Republic of Ireland.

On 1 July 2015, eircom Limited (Ireland), the principal operating company of the group, effected a transfer of its business assets and liabilities to a fellow subsidiary of eircom Holdings (Ireland) Limited, eircom Limited (Jersey), a company registered in Jersey. The business transfer was undertaken in the context of a corporate reorganisation within the eircom Holdings (Ireland) Limited group.

The internal corporate reorganisation was undertaken following receipt of the required consents from noteholders and lenders under the Senior Facilities Agreement on 22 August 2014. The primary corporate benefit derived from the reorganisation is increased flexibility to make distributions in the future. The internal corporate reorganisation does not have any effect on the business or operations of the group.

Eircom Holdco SA, a company registered in Luxembourg, is the immediate and ultimate holding company.

2. Going concern

The financial statements have been prepared on the going concern basis.

The net liabilities of the group included in the balance sheet at 30 June 2016 include liabilities in respect of borrowings which are measured at amortised cost including the unamortised fair value difference on borrowings of €196 million, as IFRS requires borrowings to be included at fair value on the date of initial recognition and subsequently at amortised cost (see Note 23).

The Directors believe that it is appropriate to adopt the going concern basis of accounting for the financial statements notwithstanding the net liability position of the group, as the Directors believe that based on the group's forecast of operational cash flows, and trading results, the group will be in a position to meet its obligations as they fall due and is expected to comply with its financial covenants, for the foreseeable future.

The financial covenants under the Senior Facilities Agreement include a maximum ratio of consolidated net debt to consolidated EBITDA, minimum ratios of cash flow and consolidated EBITDA to net debt service, minimum liquidity requirements and annual maximum capital expenditure limits. In setting the financial covenants consideration was given for potential downside risk to the eircom Limited Group's business plans. The covenants are required to be tested on a quarterly basis, except for the capital expenditure covenant which is required to be tested on an annual basis. The covenant tests have been met for the year ended 30 June 2016. The financial covenant measures, if not complied with at future dates, could result in the new Facilities becoming immediately due and payable in advance of the agreed maturity date.

Having made due enquiries, the Directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

The significant accounting policies adopted by the group are set out below.

3.1. Basis of preparation

The entity and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on the going concern basis (see Note 2). A summary of the more important accounting policies is set out below.

The financial statements, which are presented in euro rounded to the nearest million, have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- pension obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets are valued at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

Standards, amendments and interpretations effective for the year ended 30 June 2016

The group adopted 'Annual Improvements 2010 to 2012' and 'Annual Improvements 2011 to 2013' during the year. The adoption of these amendments did not have a material impact on the group.

3.2. Basis of consolidation

The consolidated financial statements of the group comprise a consolidation of the financial statements of eircom Holdings (Ireland) Limited and its subsidiaries. The subsidiaries' financial period ends are all coterminous with those of eircom Holdings (Ireland) Limited included in the financial statements.

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the group from the date that control ceases.

(ii) *Joint arrangements*

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The group holds 56% of the equity share capital in Tetra Ireland Communications Limited ("Tetra"). However, the group's interest in Tetra is subject to a contractual agreement with other shareholders, which prevents the group from exercising a majority of voting rights in key strategic, operational and financial decision-making. Accordingly, the group's interest is accounted for as a joint venture in accordance with IFRS 11 'Joint Arrangements'.

3. Accounting policies – continued

3.2. Basis of consolidation – continued

The group's interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The group's joint venture' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) *Associates*

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the income statement.

(iv) *Acquisitions*

The purchase method of accounting is used to account for all business combinations, except for business combinations involving entities under common control and group reorganisations. Under the purchase method of accounting, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities recognised. The interest of non-controlling interest shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised, and does not include a gross-up for goodwill. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

3. Accounting policies – continued

3.2. Basis of consolidation – continued

(v) Disposals

The results of businesses sold during the period are included in the consolidated financial statements for the period up to the date control ceases. Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold.

(vi) Acquisitions involving entities under common control

Business combinations involving entities under common control are not required to be accounted for using the purchase accounting method under IFRS. The group instead applies the predecessor accounting method for such transactions. Under the predecessor accounting method, which is also commonly referred to as the merger accounting method, the assets and liabilities acquired are recognised at the acquisition date at the carrying values stated in the consolidated financial statements of the highest entity which has common control for which consolidated IFRS financial statements are prepared. The goodwill recognised is limited to the goodwill previously recognised in the consolidated financial statements of the highest entity which has common control. The difference between the consideration and the net assets recognised at predecessor value is charged/credited to the merger reserve, in equity. The results of subsidiaries acquired during the period are brought into the consolidated financial statements from the date control transfers to the group.

3.3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities recognised of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses on goodwill may not be reversed in any circumstances.

Goodwill is allocated to cash generating units for the purpose of impairment testing in accordance with IAS 36 "Impairment of Assets". The allocation is made to cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. These calculations require the use of estimates, including management's expectations of future revenue, operating costs, profit margins and capital requirements for each cash generating unit.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.4. Intangible assets

Acquired computer software licences and associated costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. IT development costs include only those costs directly attributable to the development phase and are only capitalised following completion of a technical feasibility study and where the group has an intention and ability to use the asset which will contribute future period financial benefits through revenue generation and/or cost reduction. Internal costs associated with developing computer software programmes are also capitalised on the same basis. These costs are amortised over their estimated useful lives (three to four years). Costs associated with the upgrade of computer software programmes which increase the functionality of computer software or related assets are capitalised.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Licence fees paid to the government, which permit telecommunications activities to be operated for defined periods, are initially recorded at cost and amortised from the time the network is available for use to the end of the licence period.

3. Accounting policies – continued

3.4. Intangible assets – continued

Other intangible assets, which comprise primarily acquired intangible assets, are capitalised at fair value and amortised using the straight-line method over their estimated useful lives, from the date the intangible assets are in use.

The following useful lives have been assigned to intangible assets:

	Years
Computer software	3 – 4
Intangible assets from acquisitions:	
Customer relationships (Fixed)	2
Trademark (Fixed)	5
Licence (Fixed)	2
Mobile licences	15 – 18.5[(1)]

(1) Spectrum licences are amortised over the term of the relevant licences which expire between 13 July 2015 and 12 July 2030.

Intangible assets not yet available for use are tested for impairment in accordance with IAS 36 "Impairment of Assets" in the same manner as goodwill (see 3.3 above).

The group commenced amortisation of the Trademark (Fixed) from 1 October 2015 following the re-brand in September 2015. The Trademark (Fixed) had an indefinite useful life as of 30 June 2015. The Trademark (Fixed) has been assigned a useful life of five years. Upon reassessing the useful life of the Trademark from indefinite to five years its carrying value was tested for impairment as part of the Fixed Line CGU. Amortisation is calculated using the straight-line method to allocate the Trademark over the five year period.

3.5. Segmental reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team, which is the key management team that makes strategic decisions.

3.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Amounts disclosed as revenue are net of discounts and value added tax. Revenue includes sales by group entities but excludes all inter-company sales.

The group recognises revenue when the amount of the revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the actual terms of each arrangement.

The group is required to interconnect its networks with other telecommunications operators. In some instances, as is normal practice in the telecommunications industry, reliance is placed on other operators to measure the traffic flows interconnecting with the group's networks. In addition, the prices at which services are charged are often regulated and can be subject to retrospective adjustment. Estimates are used in these cases to determine the amount of income receivable from, or payments required to be made to, these other operators and to establish appropriate provisions.

3. Accounting policies – continued

3.6. Revenue recognition – continued

When the group acts as principal bearing the risk and rewards of a transaction, revenue is recorded on a gross basis. However when the group acts as an agent on behalf of third parties, revenue is reported at the net amounts receivable from those third parties.

Fixed Line Revenue

Fixed line revenue is recognised in the period earned by rendering of services or delivery of products.

Traffic revenue is recognised at the time the traffic is carried over the group's networks. Revenue from rentals is recognised evenly over the period to which the charges relate. Bundled products (broadband, line rentals and traffic) are accounted for in the same manner as the unbundled products comprising the bundle.

Connection fee revenue is deferred over the life of the connection, which is estimated to be between four and five years. Connection lives are reviewed annually.

Revenue from equipment sold to third parties is recognised when the equipment is delivered to the customer. Revenue arising from the provision of other services, including maintenance contracts, data hosting and other related services, is recognised over the term of the contract. Revenue from fixed price contracts is generally recognised in the period the services are provided, using a straight line basis over the term of the contract.

Billings for telephone services are made on a monthly, bi-monthly or quarterly basis. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided.

Mobile Revenue

Mobile revenue consists principally of charges to customers for traffic from mobile network services, revenue from providing network services to other telecommunications operators, and the sale of handsets and other accessories.

Bundled Contract Revenue

Revenue from the sale of bundled products is allocated to the separate elements of the bundle on the basis of each element's relative fair value and recognised in revenue when each individual element of the product or service is provided. The fair values of each element are determined based on the current market price of the elements when sold separately. Additionally, when allocating the bundled revenue to each element, amounts contingent upon provision of future service are not allocated to delivered elements. To the extent that there is a discount in the bundled product, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of each element.

3.7. Exceptional items

The group has adopted an income statement format which seeks to highlight significant items within group results for the year. The group believe that this presentation provides additional analysis as it highlights one-off items. Such items include, where significant, restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, impairment of surplus properties, onerous contracts and reinstatement/dilapidation provisions. Judgement is used by the group in assessing the particular items, which, by virtue of their scale and nature, are disclosed in the group income statement and related notes as exceptional items.

3.8. Amounts paid and payable to other operators

Amounts paid and payable to other operators are mainly settlement fees that the group pays to other telecommunications operators for traffic that is routed on their networks. Costs associated with these payments are recognised in the period in which the traffic is carried.

3. Accounting policies – continued

3.9. Customer acquisition costs

The group pays commissions to dealers for the acquisition and retention of mobile subscribers and certain fixed line products. Customer acquisition costs are expensed as incurred in the income statement.

The cost of mobile handsets and mobile handset promotions are expensed at the time the customer is acquired or when upgrades are provided to existing customers.

The costs associated with the group's advertising and marketing activities are also expensed as incurred.

3.10. Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). These consolidated financial statements are presented in euro, which is the group's presentation currency and is denoted by the symbol "€".

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in the statement of other comprehensive income as qualifying cash flow hedges.

Group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in the statement of other comprehensive income.

3.11. Taxation

eircom Holdings (Ireland) Limited is managed and controlled in the Republic of Ireland and, consequently, is tax resident in Ireland. Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the balance sheet date, and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

3. Accounting policies – continued

3.11. Taxation – continued

Deferred tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.12. Financial instruments

(i) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the fair value on initial recognition and the redemption value is recognised in the income statement over the period of borrowings using the effective interest method. When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the group uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Where the terms of borrowings are amended, if the revised terms are substantially different from the original terms, the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any gain or loss on the extinguishment of the original liability is recognised immediately in the income statement. If the new terms are not substantially different from the original terms, the impact of the change in the cash flows on the financial instrument's amortised cost is recognised in the income statement over the modified instrument's remaining contractual period.

Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement for the liability for at least 12 months from the balance sheet date.

(ii) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each subsequent balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Derivative assets or liabilities are presented as current or non-current based on expected realisation or settlement dates.

(iii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the income statement.

3. Accounting policies – continued

3.12. Financial instruments – continued

Amounts accumulated in equity are recycled in the income statement within finance costs in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to the income statement.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. The group's loans and receivables are set out in Note 22.

3.13. Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Cost in the case of network plant includes contractors' charges, materials and labour and related overheads directly attributable to the cost of construction.

Depreciation

Depreciation is provided on property, plant and equipment (excluding land), on a straight-line basis, so as to write off their cost less residual amounts over their estimated economic lives, from the date the asset is available for use. The estimated economic lives assigned to property, plant and equipment are as follows:

Asset Class	Estimated Economic Life (Years)
Buildings	40
Network Plant	
Transmission Equipment	
Duct	20
Overhead cable/poles	8-15
Underground cable	14
Other local network	6-15
Exchanges	
Exchange line terminations	8
Core hardware/operating software	3-4
Others	3-14

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the income statement.

3. Accounting policies – continued

3.13. Property, plant and equipment – continued

Assets in the course of construction

Assets in the course of construction represent the cost of purchasing, constructing and installing property, plant and equipment ahead of their own productive use. No depreciation is charged on assets in the course of construction. The estimated amount of interest incurred, directly attributable to constructing qualifying assets that necessarily take a substantial period of time to get ready for their intended use, is capitalised based on the weighted average interest rate on outstanding borrowings.

Asset retirement obligations

The group has certain obligations in relation to the retirement of assets, mainly poles, batteries and international cable. The group also has obligations to dismantle base stations and to restore the property owned by third parties on which the stations are situated after the stations are removed. The group capitalises the future discounted cash flows associated with these asset retirement obligations and depreciates these assets over the useful life of the related asset.

3.14. Impairment of non financial assets

Assets that have an indefinite useful life, principally goodwill and intangible assets not yet available for use, are not subject to amortisation, and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill and secondly against the other assets (including other intangible assets) in the cash generating unit on a pro-rata basis based on the carrying amount of each asset in the cash generating unit.

Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognised in respect of goodwill are not reversed in any circumstances.

3.15. Leased assets

The group applies the principles of lease accounting where an arrangement is dependent upon the use of specific assets and conveys the right to use the assets. A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Where the group is lessee

The fair value of property, plant and equipment acquired under finance leases is included in property, plant and equipment and depreciated over the shorter of the lease term and the estimated useful life of the asset. The outstanding capital element of the lease obligations is included in current and non-current liabilities, as applicable, while the interest is charged to the income statement over the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3. Accounting policies – continued

3.15. Leased assets – continued

Where the group is lessor

The cost of equipment assets of the group provided to customers as part of arrangements which constitute operating leases is included in property, plant and equipment and depreciated over the estimated useful life of the asset.

The cost of equipment assets of the group provided to customers as part of arrangements which constitute finance leases is expensed to the income statement upon delivery to the customer.

3.16. Inventories

Inventories comprise mainly consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average basis and includes invoice price, import duties and transportation costs. Where necessary, write-downs in the carrying value of inventories are made for damaged, deteriorated, obsolete and unusable items, on the basis of a review of individual items included in inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

As part of the strategy to acquire new customers and retain existing customers, the group sells certain mobile handsets, in connection with a service contract, at below the acquisition cost. As the mobile handset subsidy is part of the group's strategy for acquiring new customers and retaining existing customers, the loss on the sale of mobile handsets is recognised at the time of the sale or provision to the customer on a free of charge basis and included in the income statement.

3.17. Trade and other receivables

Trade receivables are recognised initially at fair value, which is normally the original invoiced amount or amount advanced and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or a financial re-organisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of the bad debt provision account, and the amount of the loss is recognised in the income statement in "operating costs". When a trade receivable or other receivable is uncollectible, it is written off against the bad debt provision account.

If there is objective evidence that an impairment loss on loans and advances carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.18. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturity of less than three months.

3. Accounting policies – continued

3.19. Indefeasible rights of use ("IRU")

The group accounts for IRU contracts that are not leases in the following manner:

(i) Sales contracts are accounted for as service contracts with the entire income being deferred and recognised on a straight-line basis over the period of the relevant contracts.

(ii) Purchase contracts are accounted for as service contracts with the pre-paid balance recorded as an asset and amortised on a straight-line basis as an expense over the period of the relevant contracts.

3.20. Employee benefits

(i) *Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments determined by periodic actuarial calculations to independent trustee-administered funds. The group operates both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate fund. Under defined contribution plans, the group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Typically, defined benefit plans define an amount of future pension benefit that employees have earned in return for their services to date. The pension benefit that an employee will receive on retirement is usually dependent on factors such as age, years of service and compensation. The amount recognised in the balance sheet in respect of defined benefit pension plans is the present value of the group's defined benefit obligation at the balance sheet date, less the fair value of plan assets. Plan assets are valued at their market value at the balance sheet date using bid values. The defined benefit obligation, and the related current service cost, and, where applicable, past service cost, are calculated by independent actuaries using the projected unit credit method. The defined benefit obligation is calculated annually unless there has been a material change in the obligations, where it is then recalculated during the year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate discount rate based on current market yields at the balance sheet date of high quality corporate bonds that are denominated in euros, and reflect the duration of the related pension liability.

The amounts of current service cost and net interest cost recognised in the income statement are computed based on actuarial assumptions at the start of the financial year. Costs of administering the defined benefit plans, other than investment management costs, are recognised within operating expenses in the income statement as the administrative services are received.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited directly to reserves through the statement of other comprehensive income.

Past service costs and negative past service costs are recognised immediately in the group income statement.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets or liabilities in the group income statement. Before the effect of a curtailment or settlement is determined, the defined benefit obligation is re-measured using current actuarial assumptions.

The deferred tax impact of pension plan surpluses and deficits is disclosed separately within deferred income tax assets or liabilities, as appropriate.

Pre 1 January 1984, past-service costs are the responsibility of the Irish Minister for Finance (see Note 34(b)).

3. Accounting policies – continued

3.20. Employee benefits – continued

(ii) *Other bonus plans*

The group recognises a liability and an expense for bonuses where contractually obliged, or where there is past practice that has created a constructive obligation.

The entitlement to bonuses under long term bonus plans is usually conditional on the completion of a minimum service period. The expected costs of the bonuses are accrued over the period of employment based on estimates of the ultimate amount payable and targets under the schemes.

(iii) *Other long term incentive arrangements*

Where the group has committed to other long term incentive arrangements, resulting long term employment benefits are accounted for in a similar manner to post employment benefits. The group accounts for obligations relating to long term incentive bonus plans for executive directors, key management and other employees at the present value of the incentive bonus plan obligation at the reporting date. The service cost relating to such plans is allocated over each of the years which service under the plan is rendered by the individual to meet the conditions under each of the individual vesting periods. The income statement expense represents the increase in the present value of the incentive bonus plan obligation resulting from employee service in the current period, and any changes in the estimate of the ultimate amounts payable under the scheme, in addition to any associated finance costs where material.

Where long term incentive arrangements include share-based payment obligations, the accounting for such arrangements differs depending on whether the obligations are equity-settled, cash-settled and where the cost is borne by the holding company. Under the plans currently in existence, the group has no obligations in respect of share based payments, which are borne by the holding company, eircom Holdco SA. As the relevant individuals provide services to the group, the group is required to recognise a charge to the income statement and a corresponding increase in equity. The total charge for the equity-settled award is computed by reference to the fair value of the award at the grant date, and is not re-measured. The allocation of the charges over the vesting period is based on the service vesting conditions, and the impact of potential accelerated vesting events. For cash settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(iv) *Termination benefits*

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following: (a) when the group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Termination benefits comprise the estimated benefits payable to staff availing of voluntary leaving schemes and the associated pension impact.

3.21. Provisions

A provision is recognised when, and only when (a) the group has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3. Accounting policies – continued

3.21. Provisions – continued

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

A constructive obligation for restructuring cost exists where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Onerous lease provisions have been measured at the lower of the cost to fulfil the contract, or the estimated cost to exit it, where appropriate.

3.22. Financial guarantee contracts

Liabilities are initially measured at fair value in respect of financial guarantees issued by the group for the benefit of third parties, and subsequently at the higher of the amount determined in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

3.23. Contingent liabilities and contingent assets

A contingent liability, including contingent liabilities in respect of financial guarantee contracts, is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (b) the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain an asset is recognised.

Where the group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability.

3.24. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.25. Dividend distribution

Final dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are approved by the equity shareholders. Interim dividend distributions to equity shareholders are recognised as a distribution in the group's financial statements in the period in which the dividends are paid.

3.26. Dividends

Dividend income is recognised when the right to receive payment is established.

4. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: liquidity risk, market rate risk (including cash flow, interest rate risk, currency risk and price risk) and credit risk. The group's overall risk management program focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments, such as interest rate swaps, to hedge certain risk exposures. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, and ageing analysis for credit risk. Responsibility for managing these risks rests with the Board.

The group does not hold or issue derivative financial instruments for financial trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

On 11 June 2012, following the implementation of a High Court approved Scheme of Arrangement under which eircom Holdings (Ireland) Limited acquired 100% of the share capital of eircom Limited, eircom Finco Sarl, a subsidiary company, became the borrower of €2,345 million under a Senior Facilities Agreement with the group's external lenders. eircom Holdings (Ireland) Limited together with certain of its subsidiary companies, are guarantors under the Senior Facilities Agreement. The Senior Facilities Agreement requires, amongst other things, that the eircom Holdings (Ireland) Limited Group comply with financial covenants. Further details of the financial covenants are set out in Note 2 to the financial statements. Non-compliance with these covenants, which are measured on a quarterly basis, would allow the lenders under the Senior Facilities Agreement to accelerate the indebtedness requiring all incurred liabilities to be immediately repaid in full.

During the year ended 30 June 2013, the net proceeds of €339 million from the issuance of €350 million of Senior Secured Notes, after allowance for certain costs relating to issuance, were used to repurchase €364 million of principal due and outstanding under the Senior Facilities Agreement (at an average price of €0.933 per €1.00). The Senior Secured Notes bear fixed rate cash pay interest of 9.25% in semi-annual instalments.

On 4 April 2014, the group effected an amendment and extension of the terms of 94.7% of the outstanding principal under its Facility B bank borrowings. On 11 June 2015, the group effected a further amendment and extension of its Facility B bank borrowings with 92% of the outstanding principal extended to May 2022. New proceeds of €238 million borrowed under Facility B3 were used to fully repay non-extending Facility B1 borrowings and partially repay non-extending Facility B2 borrowings at par. The new and amended Facility B3 borrowings of €1,863 million are subject to cash-pay interest at Euribor plus 4.5% margin. The €238 million mandatory prepayment of Facility B1 and B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €32 million in the income statement within 'finance costs'. The amendment and extension of the existing borrowings was accounted for as a modification of the existing financial liability for the Facility B borrowings under IAS 39. Transaction costs of €11 million directly attributable to the modification and new borrowings have been deferred to the balance sheet and will be amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39.

In June 2016, the group issued €500 million in Senior Secured Notes with a maturity date of 31 May 2022. The Notes are subject to fixed rate cash-pay interest at 4.5% payable in semi-annual instalments in May and November each year. The proceeds of €500 million were used to fully repay the €350 million 9.25% Senior Secured Notes and partly finance the repayment of the non-extending Facility B2 borrowings. The group fully repaid the non-extending Facility B2 borrowings of €159 million on 20 June 2016. The prepayment of Facility B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €12 million in the income statement within 'finance costs'.

There have been no other changes in the types of financial risks or the group's risk management program (including methods used to measure the risks) arising from any of the group's trading activities since 30 June 2015.

4. Financial risk management – continued

4.1. Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to meet the group's requirements and to repay maturing debt and other liabilities as they fall due.

The balance sheet of eircom Holdings (Ireland) Limited includes a recognised liability of €1,667 million in respect of the group's borrowings under the Senior Credit Facilities Agreement in non-current liabilities as at 30 June 2016. The actual non-current liability in respect of these borrowings at 30 June 2016 is €1,863 million. The difference of €196 million, arising from recognising the borrowings based on the fair value on inception, is amortised over the term of the borrowings in accordance with the effective interest rate method under IAS 39.

Details of the maturities of the obligations of the group are set out below.

As set out in Note 2, having reviewed the group's business plans and cash flow forecasts, and considering forecast compliance with financial covenants up to the period ending 31 December 2017, the Directors consider that the group will able to realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future. Management of the group's liquidity risk is fundamental to its operations. The nature of the group's business, its working capital management activities and investment in network assets has often resulted in minimal current assets or net current liabilities.

The eircom Holdings (Ireland) Limited group has net current liabilities of €102 million at 30 June 2016. The current liabilities at that date include deferred revenue of €108 million. There is no cash outflow requirement associated with deferred revenue.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the interest rates effective at the balance sheet date and includes the margins applicable to the relevant debt.

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Borrowings					
– At 30 June 2016	**—**	**—**	**—**	**2,363**	**2,363**
– At 30 June 2015	—	—	509	1,863	2,372
Interest on borrowings					
– At 30 June 2016	**106**	**108**	**323**	**100**	**637**
– At 30 June 2015	125	124	369	163	781
Derivative financial instruments					
– At 30 June 2016	**6**	**7**	**—**	**—**	**13**
– At 30 June 2015	2	2	—	—	4
Trade and other payables					
– At 30 June 2016	**293**	**8**	**23**	**9**	**333**
– At 30 June 2015	301	8	23	16	348
TIS annuity scheme					
– At 30 June 2016	**5**	**3**	**7**	**2**	**17**
– At 30 June 2015	6	5	9	3	23

4. Financial risk management – continued

4.2. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders over the long term. The capital structure of the group consists of the borrowings as set out above, and equity comprising issued capital, reserves and accumulated losses as listed in Note 29. The maturities of the group's borrowings are shown in Note 4.1.

4.3. Credit risk

Credit risk refers to the loss that the group would incur if a debtor or other counter-party fails to perform under its contractual obligations. Credit risks are mainly related to counter-party risks associated with cash and cash equivalents, restricted cash, trade and other debtors, amounts owed by related companies and derivative contracts.

The group's trade debtors are generated by a large number of customers, both private individuals and companies in various industries, mainly in Ireland. Exposure to credit loss and subscriber fraud is actively monitored on a regular basis, including some processing of current credit information on subscribers from third-party sources (subject to availability) and, where appropriate, a provision for doubtful debtors is made.

The credit risk and net exposure on key accounts, particularly other authorised operators and international carriers, is monitored separately through continual risk assessments of customers with material balances. In terms of the overall exposure from credit risk, the receivables from these counter-parties are not so extensive as to be considered significant concentrations of credit risk.

Ageing of trade receivables

The ageing analysis of trade receivables is set out below.

	Past due but not impaired						
	Less than 30 days €m	Between 31 and 60 days €m	Between 61 and 90 days €m	More than 90 days €m	**Neither impaired nor past due €m**	**Impaired €m**	**Total €m**
Trade receivables							
– at 30 June 2016	**22**	**8**	**4**	**19**	**85**	**12**	**150**
– at 30 June 2015	28	15	7	21	80	22	173

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The group held collateral on trade receivables in the form of cash deposits of €1 million (30 June 2015: €2 million) as security.

The group is exposed to credit risk relating to its cash and cash equivalents. The group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counter-parties and with institutions whose long-term Standard & Poor's (S&P) credit rating is "BBB-" or above (or Moody's equivalent rating of "Baa3") or is an acceptable bank under the Senior Facilities Agreement.

4. Financial risk management – continued

4.3. Credit risk – continued

The credit quality of cash and cash equivalents can be assessed by reference to S&P credit ratings in the table below.

	30 June 2015 €m	30 June 2016 €m
Cash and cash equivalents		
A+	—	**71**
A	—	**55**
BBB	—	**1**
BBB-	3	**3**
BB+	183	**18**
	186	**148**

4.4. Market rate risk

Market rate risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The group has limited exposure to equity, currency and price risk, other than the impact of those risks on the group's defined benefit pension scheme.

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates.

Cash and cash equivalents and borrowings at variable rates expose the group to cash flow interest rate risk. Cash and cash equivalents and borrowings at a fixed rate expose the group to fair value interest rate risk.

The group uses derivative financial instruments to hedge certain interest rate risk exposures on group borrowings.

In accordance with the terms of the Senior Facilities Agreement of eircom Holdings (Ireland) Limited in November 2012 a hedging letter was agreed between eircom Holdings (Ireland) Limited and the Agent. The hedging letter required the group to hedge its exposure to interest rate risk on not less than 50 per cent of its consolidated total net debt as defined under the Senior Facilities Agreement until 11 June 2015. Since that date, the group is no longer required to hedge its exposure to interest rate risk.

During the year ended 30 June 2015, the group entered into two forward starting interest rate swaps with a notional principal amount of €1,200 million for a period of three years from 11 June 2015. The swaps do not meet the requirements for hedge accounting.

As at reporting date, the group had the following cash and cash equivalents (Note 21), floating-rate borrowings (Note 23) and interest rate swap contracts outstanding (Note 24):

	30 June 2015		30 June 2016	
	Weighted average Interest rate %	Balance €m	Weighted average Interest rate %	Balance €m
Cash and cash equivalents	—	186	**—**	**148**
Bank borrowings (Facility B2)	4.50%	(159)	**—**	**—**
Bank borrowings (Facility B3)	4.50%	(1,863)	**4.50%**	**(1,863)**
Interest rate swaps (Notional principal amount)		1,200		**1,200**
Net exposure to interest rate risk		(636)		**(515)**

4. Financial risk management – continued

4.4. Market rate risk – continued

Interest rate sensitivity analysis

Based on the financial instruments held at the balance sheet date, if interest rates are 25 basis points ("bps") higher/lower and all other variables are held constant, the group's profit/(loss) after tax for the year ended 30 June 2016 will increase or decrease by the amounts set out in the table below:

	Increase by 25 bps €m	Decrease by 25 bps €m
Profit for the year – (lower)/higher	**(1)**	**1**

A sensitivity of 25 bps has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

Currency risk

The group conducts its business primarily in Ireland and, therefore, operating and investing cash flows are substantially denominated in euro. A limited level of foreign exchange risk arises in relation to a foreign subsidiary, capital expenditure denominated in foreign currencies and foreign exchange settlements with international third party telecommunications carriers.

Given the limited level of risk the group does not generally hedge its foreign exchange risk arising on transactions and capital expenditure denominated in foreign currencies.

Price risk

The group is exposed to price risk on the assets held by the group's defined benefit pension scheme (see Note 34).

4.5. Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

This information has been provided in Note 22.

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair values of short-term deposits and overdrafts approximate to their carrying amounts.

4. Financial risk management – continued

4.6. Hedging instruments

Derivatives ineligible for hedge accounting

As at the reporting date, the group had entered into a number of swaps to cover interest rate exposure on various debt obligations. These instruments are ineligible for hedge accounting under IAS 39 and movements in the fair value of these derivatives have been taken through the income statement. The details of the effective interest rate and maturity of these instruments is:

				Maturity date – principal value					
	Principal value €m	Fair Value €m	Weighted average Interest rate %	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 3 Years €m	Between 3 & 4 Years €m	Between 4 & 5 Years €m	After 5 Years €m
Derivatives ineligible for hedge accounting									
– at 30 June 2016	**1,200**	**(13)**	**0.099%**	**—**	**1,200**	**—**	**—**	**—**	**—**
– at 30 June 2015	1,200	(3)	0.099%	—	—	1,200	—	—	—

The group does not use derivatives for trading or speculative purposes but has derivatives which are ineligible for hedge accounting.

Further information on the group's use of interest rate swaps is included in Note 24.

Interest rate swaps – ineligible for hedge accounting

During the year ended 30 June 2015, the group entered into two forward starting interest rate swaps with a total notional principal amount of €1,200 million for a period of three years from 11 June 2015. The fixed interest rate on the swaps was between 0.093% and 0.105% and the floating rate was based on Euribor. This does not equate to the effective interest rate on the underlying debt as it excludes the margin over Euribor, payable in respect of the group's Senior Credit Facility. The margin on the senior credit facility is 4.5% over Euribor on Facility B3 borrowings.

On 11 June 2015, the group effected an amendment and extension of the terms of its Facility B borrowings and as part of the 'Amendment and Restatement' this included the introduction of a floor for LIBOR and EURIBOR of zero, which applies to all the term loan facilities. There is no corresponding floor in the group's interest rate swaps. Therefore the swaps are no longer an effective hedge for the group's exposure to interest rate risk.

The unrealised loss recognised in the income statement during the year that arises from derivatives ineligible for hedge accounting is €11 million (30 June 2015: €2 million). These amounts have been classified in the income statement within 'finance costs'.

5. Critical Accounting Judgements and Estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1. Determining the purchase price allocation in respect of business combinations

In the purchase price allocation made for each acquisition, the purchase price is assigned to the identifiable assets, liabilities and contingent liabilities based on fair values for these assets and liabilities. Any remaining excess value is reported as goodwill. This allocation requires management judgement including estimating the

5. Critical Accounting Judgements and Estimates – continued

5.1. Determining the purchase price allocation in respect of business combinations – continued

fair value of the acquired tangible and intangible assets and estimating the revenue and profits to be generated by the acquired business. Other judgements might result in significantly different results and financial position in the future.

5.2. Making appropriate assumptions on non-financial asset impairment reviews

The group undertakes a review for impairment of goodwill, indefinite lived intangible assets, intangible assets not yet available for use annually and for other non-financial assets if events or circumstances indicate that the carrying amount may not be recoverable.

Factors which the group consider could trigger an impairment include, but are not limited to the following: (1) significant negative industry or economic trends, (2) current, historical or projected losses that demonstrate continuing losses, (3) results of fair market valuations performed or (4) changes in key assumptions underpinning the fair value less cost to sell and value in use calculations. These impairment charges under IFRS are based upon the excess of the carrying amount of the asset over its recoverable amount, which is the higher of the fair value less cost to sell and its value in use, based on discounted future cash flows. When an asset is not recoverable in full, impairment is measured as the excess of carrying value over the recoverable amount of the long-life asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and the fair value less cost to sell. Changes in these estimates directly affect management's assessment of whether an impairment charge is required and the amount of the impairment charge recorded.

The discount rate used in impairment testing is derived from a weighted average cost of capital ("WACC") which is impacted by interest rates and market risk premiums, estimated for companies in the telecommunications sector. There is a risk that the WACC could increase significantly in future periods, depending on market volatility. There is also a risk of deterioration in the budgeted future cash flows as a result of the current economic environment.

Any significant deterioration in the budgeted future cash flows or changes in WACC or estimates in respect of terminal growth rates could result in a further impairment of our goodwill and/or non-financial assets, which could have a further negative effect on operating profits and assets. Future cash flows would not be impacted by any impairment provision.

Details of the assumptions used in the impairment test at 30 June 2016 are set out in Note 12.

5.3. Establishing lives for amortisation purposes of intangible assets

The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Where the useful life of an intangible asset is reassessed as finite rather than indefinite a test for impairment is carried out. Changes in asset lives can have a significant impact on amortisation charges for the period. Detail of the useful lives is included in Note 3.4 and the related intangible assets are set out in Note 13.

5.4. Establishing lives for depreciation purposes of property, plant and equipment

Long-life assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation, physical condition of the assets concerned and other factors that may impact on the remaining useful lives of assets. Changes in asset lives can have a significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis as asset lives

5. Critical Accounting Judgements and Estimates – continued

5.4. Establishing lives for depreciation purposes of property, plant and equipment – continued

are individually determined and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted. Detail of the useful lives is included in Note 3.13 and the related assets are set out in Note 14.

5.5. Making appropriate long-term assumptions in calculating pension liabilities, surpluses and costs

The group operates a funded defined benefit scheme, which is independent of the group's finances, for the majority of employees. Valuations of the main scheme are carried out by the scheme actuaries. The rates of contribution payable and the pension cost are determined on the advice of the actuaries. The cost of these benefits and the present value of the pension liabilities depend on the assumptions made in respect of such factors as the life expectancy of the members of the scheme, the salary progression of current employees, and the interest rate at which the future pension payments are discounted. The group uses estimates for all of these factors in determining the pension costs, surpluses or deficits arising on acquisitions and assets and liabilities reflected in the financial statements.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

During the year ended 30 June 2010, the eircom Limited group agreed certain caps on future increases in pensionable salaries. The maximum increase in any given year is set at the lower of pre-determined fixed annual rates, the rate of CPI or salary inflation. However, there is still a significant level of uncertainty in relation to ultimate pensionable salaries that will apply in determining benefits payable. Differences between assumptions made and actual experience and changes in assumptions made also impact on pension charges. The effect of changes in assumptions on the pension scheme valuation is contained in Note 34.

As a result of the significant level of volatility in financial markets, the market values of the pension scheme assets and the discount rate at which future pension liabilities are valued have fluctuated significantly over the last number of years.

5.6. Making appropriate assumptions in calculating long term employee benefit charges

Judgement is required in calculating the accrued charges and liabilities in connection with certain of the group's long term employee incentive arrangements. Where the arrangements give rise to a liability for a holding company, the group recognises a charge with a corresponding increase in equity. To the extent that the arrangements give rise to a liability for the group, the group recognises a charge with a corresponding increase in liabilities. The estimate of the total liability accrued under long term incentive arrangements at the balance sheet date is determined based on a number of factors including the group's forecasted future repayments of the Senior Credit Facility and any refinancing events which may take place. The liability is discounted to reflect the time value of money. The estimated liability is based on a number of estimates and judgements, the actual outcome of which will only become known at future dates and will be required to be re-measured at subsequent reporting dates with any corresponding changes in the estimated liability being accounted for in the group's statement of total income.

5.7. Providing for litigation, contingencies and other constructive obligations

The group is a party to lawsuits, claims, investigations and proceedings, consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business. The group reviews the current status of any pending or threatened proceedings with the group's legal counsel on a regular basis.

5. Critical Accounting Judgements and Estimates – continued

5.7. Providing for litigation, contingencies and other constructive obligations – continued

In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following: (1) the period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred, (2) the degree of probability of an unfavourable outcome, and (3) the ability to make a reasonable estimate of the amount of loss. Upon considering the above and other known relevant facts and circumstances, the group recognises any loss that is considered probable and that can be measured reliably as of the balance sheet date.

In addition, the group provides for other items of an uncertain timing or amount, such as liabilities arising as a result of self-insurance and disputes with third parties, including regulatory and taxation authorities. These provisions are recognised when the group has a legal or constructive obligation as a result of past events and a reliable estimate of that obligation can be made. Estimates and judgements are used in determining the level of provisioning required and the timing of payments.

Details of the contingent liabilities are set out in Note 37 and provisions for other liabilities and charges are set out in Note 26.

5.8. Charges for restructuring costs

Provisions for restructuring costs including the associated pension costs are made where a constructive obligation to restructure arises and the restructuring programme is within the scope of IAS 37, i.e. where there is a detailed formal plan for the restructuring and in addition, there is a valid expectation in those affected, that the group will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Provisions reflect the current estimate of the staff exit costs associated with plans for which the group has constructive obligations at year end, and includes the estimated benefit payable to staff availing of the scheme and the associated pension impact.

The restructuring programme is ongoing, and therefore additional charges are expected to be incurred in future years in respect of future restructuring schemes for which constructive obligations are not deemed to exist at 30 June 2016.

5.9. Asset retirement obligations

The group has certain obligations in relation to the retirement of assets mainly poles, batteries and international cable. The group also has obligations to dismantle base stations and to restore the property owned by third parties on which the stations are situated after the stations are removed. Significant judgement is required in determining the amount and timing of cash flows associated with the asset retirement obligations as some of the cash flows are anticipated up to 15 years in the future, and no significant retirement or decommissioning costs have been incurred to date.

There is a plan in place to de-commission property, plant and equipment held on a number of base stations as a result of the group's network sharing agreement with Three, another mobile operator in Ireland, with the objective of enhancing efficiencies and achieving cost savings from the sharing and integration of certain aspects of the Radio Access Networks of both groups. This partnership with Three strengthens the existing network sharing agreement that has been in place between O2 and the group since 2011. The estimated change in the amount and timing of cash flows associated with the asset retirement obligations on base stations are included in the financial statements.

5. Critical Accounting Judgements and Estimates – continued

5.9. Asset retirement obligations – continued

There are also ongoing changes in legislation which impact on the group's assessment on the level of cost and the manner in which certain asset retirement obligations can be met. Any adverse changes in legislation or interpretations of existing legislation could have a significant impact on the group's estimate of its asset retirement obligations.

5.10. Taxation

Current tax

The actual tax the group pays is determined according to complex tax laws and regulations. Where the effect of these laws and regulations are unclear, the group uses estimates in determining the liability for the tax to be paid. The group believes the estimates, assumptions and judgements are reasonable but the estimates can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements and may result in the recognition of an additional tax expense or tax credit in the income statement in future periods. The value of the group's current tax liability is disclosed on the balance sheet.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. The carrying value of the group's deferred tax assets and liabilities are disclosed in Notes 16 and 25, respectively.

5.11. Providing for doubtful debts

The group provides services to individuals and business customers on credit terms. The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical and current experience in determining the level of debts which may not be collected. These estimates include such factors as the current state of the Irish economy and particular industry issues. Further worsening in the Irish economy or negative industry trends could require an increase in the estimated level of debts that may not be collected, which would negatively impact the operating results. The level of provision required is reviewed on an ongoing basis.

5.12. Assessing the level of interconnect and other income from and payments to other telecommunications operators

The group is required to interconnect its networks with other telecommunications operators. In some instances, as is normal practice in the telecommunications industry, reliance is placed on other operators to measure the traffic flows interconnecting with the group's networks. In addition, the prices at which services are charged are often regulated and can be subject to retrospective adjustment. Estimates are used in these cases to determine the amount of income receivable from, or payments required to be made to, these other operators and to establish appropriate provisions. Changes in the estimates directly affect revenue, operating costs and profit or loss.

5.13. Onerous contracts

The group has onerous contracts associated with vacant offices and leasehold properties, arising principally from operational restructurings. The group also has onerous contracts associated with ongoing data centre operations. The group has estimated the future cash outflows arising from these onerous contracts. The estimation of outflows reflect current economic conditions and estimates are used in determining the level of provisions required in respect of dilapidation and reinstatement works required on leasehold properties, including properties still in use.

5. Critical Accounting Judgements and Estimates – continued

5.14. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses discounted cash flow analysis and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

6. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group which are regularly reviewed by the 'Chief Operating Decision Maker' in order to allocate resources to the segments and to assess their performance.

The group's operating segments are reported based on financial information provided to the Senior Management Team ("SMT"), which is the key management team and represents the 'Chief Operating Decision Maker'. The SMT is chaired by the Group Chief Executive and the other members are the Group Chief Financial Officer, Chief Information Officer, Business Directors, Customer Operations Director and Networks Director.

The SMT considers the business from a fixed line and mobile perspective and assesses the performance of the operating segments based on a measure of adjusted EBITDA. Adjusted EBITDA is before non-cash lease contracts, non-cash pension charge and exceptional items. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, curtailment gains and losses in respect of pensions, charges in respect of certain management incentive plans, onerous contracts and other charges/income. The non-cash lease contracts credit included in the income statement during the year is in respect of the unfavourable lease fair value adjustment which arose on acquisition of eircom Limited. The non-cash pension charge is determined based on the difference between the charge determined under IAS 19 and employer contributions payable in respect of the financial year. Interest costs on borrowings are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the borrowings position of the group.

Sales between segments for telecommunication services are carried out on an arm's length basis. Other recharges in respect of non-telecommunication services are based on actual cost of employee remuneration or other external costs incurred. The revenue from external parties reported to the SMT is measured in a manner consistent with that in the group income statement.

The segment results for the year ended 30 June 2016 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported[(2)] €m	IFRS 11 €m	Published[(2)] €m
Revenue	995	358	(43)	1,310	(16)	1,294
Adjusted EBITDA[(1)]	430	70	—	500	(9)	491
Non-cash lease contracts	8	—	—	8	—	8
Non-cash pension charge	(15)	—	—	(15)	—	(15)
Amortisation	(63)	(25)	—	(88)	—	(88)
Depreciation	(260)	(27)	—	(287)	7	(280)
Exceptional items (Note 8)	(67)	(1)	—	(68)	—	(68)
Profit on disposal of PPE	7	—	—	7	—	7
Operating profit	40	17	—	57	(2)	55
Finance costs				(226)	—	(226)
Share of profit of investments accounted for using the equity method				—	2	2
Loss before income tax				(169)	—	(169)
Income tax credit				11	—	11
Loss for the financial year				(158)	—	(158)

6. Segment information – continued

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, impairment, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

The segment results for the year ended 30 June 2015 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Reported(2) €m	IFRS 11 €m	Published(2) €m
Revenue	959	352	(46)	1,265	(16)	1,249
Adjusted EBITDA(1)	423	58	—	481	(9)	472
Non-cash lease contracts	9	—	—	9	—	9
Non-cash pension charge	(11)	—	—	(11)	—	(11)
Amortisation	(30)	(23)	—	(53)	—	(53)
Depreciation	(247)	(24)	—	(271)	7	(264)
Exceptional items (Note 8)	(30)	(1)	—	(31)	—	(31)
Profit on disposal of PPE	1	—	—	1	—	1
Operating profit	115	10	—	125	(2)	123
Finance costs				(228)	1	(227)
Share of profit of investments accounted for using the equity method				—	1	1
Loss before income tax				(103)	—	(103)
Income tax credit				8	—	8
Loss for the financial year				(95)	—	(95)

(1) *Adjusted EBITDA is earnings before interest, taxation, amortisation, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment.*

(2) *Reported EBITDA includes the results of the group's joint ventures on a proportionate basis. The published basis includes the results of the group's joint ventures using the equity accounting basis rather than on a proportionate consolidation basis.*

Other segment items included in the income statement are as follows:

	Year ended 30 June 2015			Year ended 30 June 2016		
	Fixed line €m	Mobile €m	Group €m	Fixed line €m	Mobile €m	Group €m
Impairment of trade receivables (Note 19)	9	2	11	**7**	**2**	**9**
Reversal of trade receivable impairments (Note 19)	(1)	—	(1)	**(1)**	**—**	**(1)**
Impairment of inventory (Note 18)	—	—	—	**1**	**—**	**1**

The segment assets and liabilities and capital expenditure are as follows:

	30 June 2016			
	Fixed line €m	Mobile €m	Unallocated €m	Group €m
Assets	**2,158**	**341**	**8**	**2,507**
Liabilities	**938**	**146**	**2,205**	**3,289**
Capital expenditure:				
Intangible assets (Note 13)	**57**	**14**	**—**	**71**
Property, plant and equipment (Note 14)	**189**	**25**	**—**	**214**

6. Segment information – continued

	30 June 2015			
	Fixed line €m	**Mobile €m**	**Unallocated €m**	**Group €m**
Assets	2,239	365	9	2,613
Liabilities	992	171	2,177	3,340
Capital expenditure:				
Intangible assets (Note 13)	34	7	—	41
Property, plant and equipment (Note 14)	201	38	—	239

Segment assets consist primarily of property, plant and equipment, goodwill, intangible assets, inventories, receivables and operating cash. They exclude taxation, investments and derivatives.

Segment liabilities comprise operating liabilities, retirement benefit liability and provisions for liabilities and other charges. They exclude items such as taxation, borrowings, interest payable and derivatives.

Capital expenditure comprises additions to intangible assets (Note 13) and property, plant and equipment (Note 14).

Geographical information

The group is domiciled in the Republic of Ireland. The group operates in two countries, Republic of Ireland and the United Kingdom, though substantially all of the group's revenues arise in the Republic of Ireland. For the purposes of the geographical allocation of revenue, the group identifies revenues earned by entities operating in each country. Total revenue of the group for the current year is €1,294 million (30 June 2015: €1,249 million) of which €1,256 million (30 June 2015: €1,210 million) was earned by group entities operating in the Republic of Ireland and €38 million (30 June 2015: €39 million) was earned by group entities operating in the United Kingdom. Total non-current assets of the group, other than investments, derivatives and deferred tax assets as at year end are €2,107 million (30 June 2015: €2,169 million), of which €2,099 million were located in the Republic of Ireland (30 June 2015: €2,159 million) and €8 million were located in the United Kingdom (30 June 2015: €10 million).

7. Operating costs

	Year ended 30 June 2017 €m	Year ended 30 June 2018 €m
Staff costs:		
Wages and salaries	242	**246**
Social insurance costs	12	**12**
Pension costs – defined contribution plans (Note 34)	4	**4**
Pension costs – defined benefit plans (Note 34)	26	**29**
	284	**291**
Staff costs capitalised	(73)	**(70)**
Net staff costs included in operating costs (a)	211	**221**
Other operating costs:		
Amounts paid and payable to telecommunications operators	128	**128**
Purchase of goods for resale, commission and related costs	143	**166**
Materials and services	10	**17**
Other network costs	12	**12**
Accommodation	101	**94**
Sales and marketing	72	**71**
Customer services	40	**42**
Transport and travel	12	**11**
IT costs	23	**22**
Provision for impaired receivables	10	**8**
Other costs	17	**18**
Total other operating costs	568	**589**
Operating costs excluding amortisation, depreciation, impairment and restructuring and other exceptional items	779	**810**
Amortisation (Note 13)	53	**88**
Depreciation of property, plant & equipment (Note 14)	264	**280**
Exceptional items (Note 8)	31	**68**
Total operating costs	1,127	**1,246**
Profit on disposal of property, plant and equipment (Note 9)	(1)	**(7)**
Total operating costs (net)	1,126	**1,239**

(a) Operating costs are stated after charging:

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Staff costs	284	**291**
Exceptional restructuring programme costs (Note 8)	—	**27**
Exceptional management incentive plan (Note 8)	12	**5**
Total staff costs	296	**323**
Staff costs capitalised	(73)	**(70)**
Total staff costs (net of staff costs capitalised)	223	**253**
Research costs	1	**—**
Hire of plant and machinery	3	**3**
Other operating lease rentals	52	**47**

7. Operating costs – continued

(b) Auditor's remuneration

Remuneration (including expenses) of the auditors for the statutory audit of the group financial statements and other services to the group is as follows:

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Statutory audit of group financial statements	0.7	**0.6**
Other assurance services	1.7	**1.2**
Tax advisory services	—	**—**
Other non-audit services	1.3	**0.3**
Total services	3.7	**2.1**

(c) Directors remuneration

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Emoluments	1.7	**2.4**
Gain on exercise of share options during the year	—	**—**
Benefits under long term incentive schemes	0.6	**—**
Contributions to retirement benefits schemes:		
– defined contributions	0.1	**0.1**
Compensation for loss of office and other termination payments	9.8	**—**
	12.2	**2.5**

As of 30 June 2016, retirement benefits are accruing to 2 Directors (30 June 2015: 1 Director) under a defined contribution scheme.

Benefits under long term incentive schemes are in respect of services performed by Directors' over a period which exceeds one year.

The compensation for loss of office in the year ended 30 June 2015 includes an €8.0 million payment for acquiring vested shares in eircom MEP S.A. eircom MEP S.A. is the Management Incentive Plan entity that holds shares in eircom HoldCo S.A.

8. Exceptional items

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Restructuring programme costs (a)	—	**27**
Management incentive plan (b)	12	**5**
Re-branding and other strategic review costs (c)	14	**18**
Other exceptional items (d)	5	**18**
Exceptional charge	31	**68**

(a) Restructuring programme costs

The group included an exceptional charge of €27 million for restructuring programme costs in respect of staff exits in the year ended 30 June 2016. The exceptional charge reflects those staff who had either exited the business, or were committed to exiting the business at 30 June 2016. No provision has been included in respect of future staff exits not committed at 30 June 2016, and any further costs will be charged to the income statement and impact cash flows in future periods.

8. Exceptional items – continued

The charge of €27 million at 30 June 2016 includes an IAS 19 (Revised) defined benefit pension charge in relation to past service costs of €2 million.

(b) Management incentive plan

During the year ended 30 June 2015, the group recognised a charge of €1 million in its income statement in respect of its obligations in connection with potential debt value events prior to the amendment in December 2014. For further information see Note 39(a).

The group recognised a charge of €5 million (30 June 2015: €11 million) in its income statement in the year ended 30 June 2016, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the holding company, eircom Holdco S.A., to the group's employees, for which the group has no obligation to make any payment.

(c) Re-branding and other strategic review costs

The group recognised an exceptional charge of €16 million for re-branding costs and €2 million for strategic review costs incurred in the year ended 30 June 2016.

During the year ended 30 June 2015, the group recognised an exceptional charge of €14 million in respect of strategic review costs.

(d) Other exceptional items

The group recognised exceptional charges of €21 million in the year ended 30 June 2016 in respect of onerous lease contracts and other exceptional costs which were partially offset by exceptional credits of €3 million, comprised of €2 million credit as a result of the release of dilapidation provisions in respect of Telephone House that were carried forward at the start of the year and €1 million credit in respect of a legal related matter.

During the year ended 30 June 2015, the group recognised an exceptional charge of €12 million in respect of certain legal matters arising in the period which were partially offset by exceptional credits of €7 million reflecting the release of provisions carried forward at the start of the year.

9. Profit on disposal of property, plant and equipment

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Profit on disposal of property, plant and equipment	1	**7**
	1	**7**

10. Finance costs – net

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
(a) Finance costs:		
Interest payable on bank loans and other debts	127	**128**
Payment-in-kind ("PIK") interest charge on borrowings	1	**—**
Interest amortisation on non-current borrowings	50	**28**
Net interest cost on net pension liability	11	**11**
Capitalised interest on property, plant and equipment	(1)	**—**
Amortisation of debt issue costs on bank loans and amend and extend fees	3	**4**
Other unwinding of discount	2	**2**
Amortisation of 'Cash Flow Hedge Reserve' derivatives	—	**2**
Fair value movements on derivatives not qualifying for hedge accounting	2	**11**
	195	**186**
Loss on extinguishment of debt	32	**12**
Cost on redemption of 9.25% Senior Secured Notes	—	**16**
Write off of debt issue costs and amend and extend fees	—	**9**
Revolving credit facility arrangement fee and other fees	—	**3**
	227	**226**
(b) Finance income:		
Interest income	—	**—**
	—	**—**
Finance costs – net	227	**226**

On 11 June 2015, the group effected an amendment and extension of its Facility B bank borrowings with 92% of the outstanding principal extended to May 2022. New proceeds of €238 million borrowed under Facility B3 were used to fully repay non-extending Facility B1 borrowings and partially repay non-extending Facility B2 borrowings at par. The new and amended Facility B3 borrowings are subject to cash-pay interest at Euribor plus 4.5% margin. The €238 million mandatory prepayment of Facility B1 and B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €32 million in the income statement. The amendment and extension of the existing borrowings was accounted for as a modification of the existing financial liability for the Facility B borrowings under IAS 39.

In June 2016, the group issued €500 million in Senior Secured Notes, with a maturity date of 31 May 2022. The Notes are subject to fixed rate cash-pay interest at 4.5% payable in semi-annual instalments in May and November each year. The proceeds of €500 million were used to fully repay the €350 million 9.25% Senior Secured Notes due 2020 and partly finance the repayment of the non-extending Facility B2 borrowings. The 9.25% Senior Secured Notes were redeemed in full by the group at a redemption price of 104.625%, as per the terms for optional redemption set out in the indenture, resulting in a charge to the income statement of €16 million. The group fully repaid the non-extending Facility B2 borrowings of €159 million on 20 June 2016. The prepayment of Facility B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €12 million in the income statement within 'finance costs'.

Also during the year the group entered into a €150 million revolving credit facility which was undrawn at 30 June 2016.

See Note 23 for further information.

11. Income tax credit

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
(a) **Recognised in the income statement**		
Current tax expense		
Current financial period	9	**2**
Adjustments for prior periods	(14)	**(1)**
	(5)	1
Deferred tax expense		
Origination and reversal of temporary difference	(3)	**(12)**
Adjustments for prior periods	—	**—**
	(3)	(12)
Total income tax credit in income statement	(8)	**(11)**

The €14 million adjustment for prior periods recognised during the year ended 30 June 2015 relates to the reversal of amounts previously charged to reflect the effect of uncertain tax treatments.

The tax credit for the year ended 30 June 2016 includes a credit of €7 million (30 June 2015: €1 million) in respect of exceptional items (see Note 8).

(b) Reconciliation of effective tax rate

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated companies as follows:

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Loss before tax	(103)	**(169)**
Tax calculated at Irish tax rates	(13)	**(21)**
Effects of:-		
Other non deductible expenses	19	**11**
Income taxable at higher rate	1	**1**
Utilisation of losses carried forward	(1)	**(1)**
Adjustments in respect of prior periods	(14)	**(1)**
Tax credit for financial period (Note 11(a))	(8)	**(11)**

The weighted average applicable tax rate was 12.5% (30 June 2015: 12.5%).

12. Goodwill

	30 June 2015 €m	30 June 2016 €m
Cost		
At beginning of financial period	734	**734**
Arising on acquisition of subsidiary (Note 40)	—	**20**
At end of financial period	734	**754**
Accumulated impairments		
At beginning of financial period	(542)	**(542)**
Recognised during the financial period	—	**—**
At end of financial period	(542)	**(542)**
Net book value at end of financial period	192	**212**

12. Goodwill – continued

Goodwill and indefinite life intangible assets are not subject to amortisation. Instead, goodwill and indefinite life intangible assets are tested for impairment annually as part of the cash generating unit ("CGU") to which they relate, and are carried at cost less accumulated impairment losses.

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland) as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). The group recognised goodwill of €20 million on the acquisition of Setanta Sports Ireland.

Goodwill arising on the acquisition of Setanta Sports Ireland in April 2016 was allocated to the group's CGUs as follows:

	Acquisition Date €m
Fixed Line	20
Mobile	—

The group's goodwill carried forward from prior years relates to the acquisition of eircom Limited in June 2012, pursuant to a Scheme of Arrangement of creditors approved by the High Court. eircom Holdings (Ireland) Limited acquired 100% of the share capital of eircom Limited for consideration of €1.

Goodwill arising on the acquisition of eircom Limited in June 2012 was allocated to the group's CGUs as follows:

	Acquisition Date €m
Fixed Line	836
Mobile	—

The recognition of the assets of the Fixed Line and Mobile CGUs was measured as at 11 June 2012 based on their fair values, as required by IFRS 3, *Business Combinations*, except for the defined benefit pension obligation which was measured under IAS 19, *Employee Benefits*, and deferred tax which was measured under IAS 12, *Income Taxes*. Goodwill of €836 million was recognised as the difference between the purchase consideration and the fair value of the individual assets and liabilities at the date of acquisition, 11 June 2012. Goodwill was allocated to the group's cash generating units, Fixed Line and Mobile, based on the allocation of net assets and liabilities acquired and purchase consideration to each CGU, based on the factors giving rise to the goodwill. These include eircom's market position in the Irish telecommunications industry. The goodwill also arises in part because eircom Limited was acquired for a nominal amount pursuant to the Scheme of Arrangement and because the pension obligation and the deferred tax balances were recognised in accordance with the measurement requirements of IAS 19 and IAS 12 respectively and not at fair value. No goodwill was allocated to the Mobile CGU.

In the financial year ended 30 June 2013, eircom Limited sold its 100% shareholding in eircom Phonewatch Limited and as a result recognised disposal of goodwill of €102 million in the year.

An impairment test of the Fixed Line CGU was performed as of 30 June 2012 in accordance with IAS 36, Impairment of Assets. The group identified an impairment of €542 million of the goodwill related to the Fixed Line CGU.

An impairment test of the Fixed Line CGU was performed as of 30 June 2015. No impairment was identified.

An impairment test of the Fixed Line CGU has been undertaken as of 30 June 2016. No impairment has been identified.

Any adverse changes in a key assumption underpinning the fair value less costs to sell calculation as at 30 June 2016 may cause a further impairment loss to be recognised in future periods.

12. Goodwill – continued

Impairment test of Fixed Line CGU as at 30 June 2016

An impairment test of the Fixed Line CGU was performed as at 30 June 2016 in accordance with IAS 36, Impairment of Assets. The impairment test has been undertaken at the year end date. Tangible and intangible assets are an integrated part of the CGU carrying values and are tested together with the goodwill.

An impairment test of the Fixed Line CGU is required annually as it contains goodwill. An impairment test of the Mobile CGU is not required as at 30 June 2016 as the group held no Mobile intangible assets not yet available for use for which the recoverable amount could not be estimated on an individual asset basis. The Directors concluded that there was no indicator of impairment and consequently no test of impairment was required to be performed.

Impairment testing methodology

The recoverable amount of the CGU is determined on the basis of the higher of the fair value less costs to sell and value-in-use, using the discounted cash flow (DCF) method. Cash flows for the years beyond the approved business plans are extrapolated using the estimated long-term growth rates stated below. The cash flows are discounted using the discount rates stated below.

The impairment test was based on fair value less costs to sell which is higher than value in use because of the investment in infrastructure development required by the group's CGU. The cash flows and assumptions used as of 30 June 2016 for the impairment test are consistent with the assumptions that would be made by a market participant acquiring the CGU.

Key assumptions

The key assumptions are based on past experience, adjusted for expected changes in future conditions. Key assumptions involved in the calculation of fair value less costs to sell include management's estimates of future operating cash-flows, capital expenditure requirements, tax considerations, discount rates and long-term growth rates. The key assumptions in relation to long-term growth rates and discount rates were benchmarked against external information on comparable companies in similar markets.

The group considers the business plan and long-term projections to be reasonable in view of the anticipated long-term performance of the Irish economy and consistent with the assumptions that would be used by a market participant. Adjustments are made to the business plan cashflows to take account of possible variations in the amount or timing of cashflows, which can be affected by factors such as increased competitor activity, the roll-out of new technologies and the timing of the introduction of new services, pricing trends, termination rates, customer acquisition costs, margin levels and restructuring programmes, such that the estimated cashflows reflect the range of possible outcomes for each CGU's future trading performance.

Fair Value less Costs to Sell – cash flow projections

At 30 June 2016, these calculations used post-tax cash flow projections based on business plans approved by the Board of Directors covering a period up to 30 June 2020.

At 30 June 2015, these calculations used post-tax cash flow projections based on business plans approved by the Board of Directors covering a period up to 30 June 2020.

12. Goodwill – continued

The other key assumptions used for fair value less costs to sell calculations for the Fixed Line and Mobile CGUs are as follows:

	Fixed Line 30 June 2015	Mobile 30 June 2015	Fixed Line 30 June 2016	Mobile 30 June 2016
Long-term growth rates	-0.75%	N/A	**-0.75%**	**N/A**
Discount rates (Post-tax)	7.16%	N/A	**7.16%**	**N/A**
Budgeted EBITDA[1]	-2.81%	N/A	**-2.26%**	**N/A**
Budgeted capital expenditure[2]	14%-25%	N/A	**14%-23%**	**N/A**

Notes:

1 Budgeted EBITDA is expressed as the compound annual growth rates over the periods covered by the business plans for all cash-generating units of the plans used for impairment testing.

2 Budgeted capital expenditure is expressed as the range of capital expenditure as a percentage of revenue (for all periods covered by the business plans plus the terminal value).

Long Term Growth Rates

The long-term growth rates are determined based on the long-term historical growth rates of the sectors in which the CGUs operate, and reflect an assessment of the long-term growth prospects of the sectors. The growth rates have been benchmarked against external data for the relevant markets. None of the growth rates applied exceed the long-term historical average growth rates for those markets or sectors.

Discount Rates

The discount rates used reflect specific risks relating to the CGUs. The assumptions used have been benchmarked to externally available data. The methodology is based on the Capital Asset Pricing Model (CAPM). At 30 June 2016, the yield on ten-year Irish government bonds provided the basis for the risk free rate, which was then adjusted to take account of market risks specific to the CGUs. The group has used Irish government bond yields as the basis for the risk-free rate in keeping with its observations of practices applied by external market analysts in determining appropriate weighted average costs of capital for Irish companies. In estimating the discount rate under CAPM, in addition to the risk-free rate, other inputs required are the equity market risk premium (that is the excess return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment factor known as beta is applied to reflect the risk of the specific CGU operations relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the risk of the group's CGUs determined using an average of the observed betas of comparable companies.

Impairment sensitivity analysis

The percentages shown in the table below represent the increase or decrease in the individual sensitivity factors that would lead to the recoverable amount equalling the carrying value of the assets.

	30 June 2016	
	Fixed Line %	Mobile %
Discount rates (post-tax) (absolute increase)	**9.41%**	—
Long-term growth rates (absolute decrease)	**14.80%**	—
Terminal business plan EBITDA (relative decrease)	**43.56%**	—
Terminal capital expenditure (relative increase)	**148.40%**	—

13. Other intangible assets

	Computer software €m	Trademarks €m	Contracts and related customer relationships €m	TV content rights €m	Licence €m	Total €m
Cost						
At 30 June 2014	225	127	47	—	195	594
Additions	41	—	—	—	—	41
At 30 June 2015	266	127	47	—	195	635
Arising on acquisition (Note 40)	**—**	**—**	**7**	**—**	**—**	**7**
Additions	**56**	**—**	**—**	**15**	**—**	**71**
Transfer from tangible assets	**6**	**—**	**—**	**—**	**—**	**6**
At 30 June 2016	**328**	**127**	**54**	**15**	**195**	**719**
Amortisation						
At 30 June 2014	**76**	**—**	**47**	**—**	**24**	**147**
Charge for the financial year	**41**	**—**	**—**	**—**	**12**	**53**
At 30 June 2015	**117**	**—**	**47**	**—**	**36**	**200**
Charge for the financial year	**55**	**19**	**1**	**1**	**12**	**88**
Transfer from tangible assets	**2**	**—**	**—**	**—**	**—**	**2**
At 30 June 2016	**174**	**19**	**48**	**1**	**48**	**290**
Net Book Value at 30 June 2016	**154**	**108**	**6**	**14**	**147**	**429**
Net Book Value at 30 June 2015	149	127	—	—	159	435

Assets in the course of completion and other intangible assets not yet available for use included in other intangibles assets are €22 million (30 June 2015: €37 million).

Computer software relates to internal and external capitalised software development costs.

The group commenced amortisation from 1 October 2015 of the Trademark (Fixed) which was assigned a five year useful life following the re-brand in September 2015. The Trademark (Fixed) had an indefinite useful life as of 30 June 2015.

14. Property, plant and equipment ("PPE")

	Land and Buildings €m	Network, Plant And Equipment €m	Total €m
Cost			
At 1 July 2014	262	1,816	2,078
Additions	3	236	239
Exchange adjustments	—	1	1
Disposals/retirements	(8)	(1)	(9)
At 30 June 2015	257	2,052	2,309
Additions	**—**	**214**	**214**
Exchange adjustments	**—**	**(1)**	**(1)**
Transfer to intangible assets	**—**	**(6)**	**(6)**
Disposals/retirements	**(8)**	**(6)**	**(14)**
At 30 June 2016	**249**	**2,253**	**2,502**
Accumulated Depreciation			
At 1 July 2014	44	477	521
Charge for financial year	19	245	264
Disposals/retirements	(2)	(1)	(3)
At 30 June 2015	61	721	782
Charge for financial year	**18**	**263**	**281**
Transfer to intangible assets	**—**	**(2)**	**(2)**
Disposals/retirements	**(4)**	**(6)**	**(10)**
At 30 June 2016	**75**	**976**	**1,051**
Net Book Value at 30 June 2016	**174**	**1,277**	**1,451**
Net Book Value at 30 June 2015	196	1,331	1,527

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value. The review for the year ended 30 June 2016 and 30 June 2015 resulted in no material adjustments to asset lives.

The group has capitalised interest costs of €Nil (30 June 2015: €1 million) that are directly attributable to the construction of qualifying property, plant and equipment. The rate applied to capitalised interest at 30 June 2015 was 8.03%.

Assets in the course of construction included in property, plant and equipment are €112 million (30 June 2015: €131 million).

The depreciation charged in the income statement is net of capital grants amortised during the financial year as follows:-

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Depreciation	264	**281**
Amortisation of capital grants	—	**(1)**
	264	**280**

15. Investments

(a) Investments in Joint ventures

At 30 June 2016, the group has a joint venture in Tetra Ireland Communication Limited ("Tetra"). The following tables presents, on a condensed basis, the summarised financial information of Tetra. The information disclosed reflects the amount reported in the financial statements of Tetra and not the groups share of those amounts.

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Revenue	34	35
Operating costs excluding depreciation	(18)	(18)
Depreciation	(13)	(13)
Operating profit	3	4
Finance costs – net	(1)	—
Profit before tax	2	4
Income tax charge	—	(1)
Profit for the financial year	2	3

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Profit for the financial year	2	**3**
Other comprehensive income	—	**—**
Total comprehensive income for the financial year	2	**3**

	30 June 2015 €m	30 June 2016 €m
ASSETS		
Non-current assets	26	**13**
Current assets	22	**17**
Total assets	48	**30**
LIABILITIES		
Non-current liabilities	6	**6**
Current liabilities	38	**17**
Total liabilities	44	**23**
EQUITY		
Total equity	4	**7**
Total equity	4	**7**
Total liabilities and equity	48	**30**

(b) Investments in associates

The group share of the results of its principal associates, all of which are unlisted, and its share of the assets and liabilities are as follows:

	Assets €m	Liabilities €m	Revenues €m	Profit €m	Interest held %
As at and for the year ended 30 June 2016					
Altion Limited	—	—	1	—	31.3%
As at and for the year ended 30 June 2015					
Altion Limited	—	—	1	—	31.3%

16. Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets 30 June 2016 €m	Liabilities 30 June 2016 €m	Net 30 June 2016 €m
Tax loss carry forward	**3**	**—**	**3**
Property, plant and equipment	**1**	**—**	**1**
	4	**—**	**4**

	Assets 30 June 2015 €m	Liabilities 30 June 2015 €m	Net 30 June 2015 €m
Tax loss carry forward	5	—	5
Property, plant and equipment	1	—	1
	6	—	6

The movement in deferred tax assets during the year ended 30 June 2016 is as follows:

	1 July 2015 €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2016 €m
Tax loss carry forward	**5**	**(2)**	**—**	**3**
Property, plant and equipment	**1**	**—**	**—**	**1**
	6	**(2)**	**—**	**4**

The movement in deferred tax assets during the year ended 30 June 2015 is as follows:

	1 July 2014 €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2015 €m
Tax loss carry forward	5	—	—	5
Property, plant and equipment	1	—	—	1
	6	—	—	6

17. Other assets

	30 June 2015 €m	30 June 2016 €m
Deposits and other non-current assets	1	**1**
Loan advanced to holding company	14	**14**
	15	**15**

During the year ended 30 June 2015, the group advanced a loan of €14 million to the ultimate holding company, eircom Holdco SA. The loan was advanced following the decision by the Board of Directors of eircom Holdco SA to exercise a call option over vested shares in eircom Holdco SA held by departing executives through the Management Incentive Plan. The loan was used by eircom Holdco SA to repurchase the shares.

18. Inventories

	30 June 2015 €m	30 June 2016 €m
Network development and maintenance stocks	6	**10**
Consumable and other stocks	3	**2**
	9	**12**

The cost of inventories recognised as an expense and included in "operating costs" amounted to €88 million (30 June 2015: €85 million). The net replacement cost of stocks is not expected to be materially different from that shown above.

During the year ended 30 June 2016, the group recognised a loss for impaired inventories of €1 million (30 June 2015: €Nil), reversed previous recognised impaired inventories of €Nil (30 June 2015: €Nil), and utilised provisions for impaired inventories of €1 million (30 June 2015: €Nil). The creation and reversal of provisions for impaired inventories have been included in "operating costs" in the income statement.

19. Trade and other receivables

	30 June 2015 €m	30 June 2016 €m
Current assets:		
Trade receivables	173	**150**
Less: Provision for impairment of trade receivables	(22)	**(11)**
Trade receivables – net	151	**139**
Prepayments and accrued income	73	**73**
Tax receivable	—	**6**
Other current assets	3	**1**
Amounts due from joint ventures	5	**3**
	232	**222**

The fair values of trade and other receivables approximate to their carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

As of 30 June 2016, trade receivables of €12 million (30 June 2015: €22 million) were impaired and provided for on the basis that a portion of these trade receivables is expected to be recovered.

The amount of the provision for impairment of trade receivables was €11 million as of 30 June 2016 (30 June 2015: €22 million). Total additional provisions of €9 million (30 June 2015: €11 million) relate to individual impairments of €1 million (30 June 2015: €1 million) and collective impairments of €8 million (30 June 2015: €10 million). Total reversals of unused provisions of €1 million (30 June 2015: €1 million) relate to individual impairments of €Nil (30 June 2015: €1 million) and collective impairments of €1 million (30 June 2015: €Nil).

The group uses estimates based on historical experience and customer specific information in determining the level of debts which may not be collected. The estimates include such factors as the current state of the economy and particular industry issues. The level of provision required is reviewed on an ongoing basis.

19. Trade and other receivables – continued

Provision for impairment of trade receivables

The following table shows the movements on the provision for impairment of trade receivables:

	30 June 2015 €m	30 June 2016 €m
At beginning of financial period	21	**22**
Charged to income statement:		
– Additional provisions	11	**9**
– Unused amounts reversed	(1)	**(1)**
Utilised in the financial year	(9)	**(19)**
At end of financial period	22	**11**

The creation and reversal of provisions for impaired receivables are included in "operating costs" in the income statement.

20. Restricted cash

The restricted cash of €10 million (30 June 2015: €8 million) is in relation to cash lodged for performance guarantees of €7 million (30 June 2015: €6 million) and €3 million (30 June 2015: €2 million) security in respect of ancillary facilities. The interest earned on these deposits, after deduction of any taxation payable, is due to the group.

Performance guarantees

Performance guarantee deposits have been lodged in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts. At 30 June 2016, these include €2 million (30 June 2015: €3 million) in respect of undertakings arising in relation to the roll out of our 3G network in Ireland, including achieving certain agreed milestones, €3 million (30 June 2015: €3 million) in respect of eircom's obligation under a Quality of Service Performance Improvement Programme under our Universal Service Obligations ("USO") and €2 million (30 June 2015: €Nil) in relation to other obligations under certain commercial contracts.

The maximum exposure to credit risk at the reporting date is €10 million (30 June 2015: €8 million).

21. Cash and cash equivalents

	30 June 2015 €m	30 June 2016 €m
Cash at bank and on hand	186	**22**
Short-term bank deposits	—	**126**
Cash and cash equivalents	186	**148**

The book value of cash and cash equivalents approximates their fair value. At 30 June 2016, the effective interest rate on short term bank deposits was -0.0023%. These deposits had a weighted average maturity of 17 days.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

22. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Assets as per balance sheet	Assets at fair value through profit or loss €m	Loans and receivables €m	Total €m
Other assets	**—**	**14**	**14**
Trade receivables	**—**	**139**	**139**
Other current assets	**—**	**1**	**1**
Amounts due from joint ventures	**—**	**3**	**3**
Restricted cash	**—**	**10**	**10**
Cash and cash equivalents	**—**	**148**	**148**
At 30 June 2016	**—**	**315**	**315**
Derivative financial instruments	1	—	1
Other assets	—	14	14
Trade receivables	—	151	151
Other current assets	—	3	3
Amounts due from joint ventures	—	5	5
Restricted cash	—	8	8
Cash and cash equivalents	—	186	186
At 30 June 2015	1	367	368

Liabilities as per balance sheet	Liabilities at fair value through profit or loss €m	Loans and other liabilities €m	Total €m
Borrowings	**—**	**2,140**	**2,140**
Derivative financial instruments	**13**	**—**	**13**
Trade payables	**—**	**149**	**149**
Interest payable	**—**	**5**	**5**
Accruals	**—**	**179**	**179**
TIS Liabilities	**—**	**18**	**18**
At 30 June 2016	**13**	**2,491**	**2,504**
Borrowings	—	2,106	2,106
Derivative financial instruments	4	—	4
Trade payables	—	164	164
Interest payable	—	9	9
Accruals	—	177	177
TIS Liabilities	—	24	24
At 30 June 2015	4	2,480	2,484

Fair value hierarchy

The table below shows for the group's financial assets and liabilities that are recognised and subsequently measured at fair value their classification within a three-level fair value hierarchy.

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets at the balance sheet date. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

22. Financial instruments by category – continued

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument. Non-observable market data is not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Financial assets held at fair value	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Derivative financial instruments	**—**	**—**	**—**	**—**
At 30 June 2016	**—**	**—**	**—**	**—**
Derivative financial instruments	—	1	—	1
At 30 June 2015	—	1	—	1

Financial liabilities held at fair value	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Derivative financial instruments	**—**	**13**	**—**	**13**
At 30 June 2016	**—**	**13**	**—**	**13**
Derivative financial instruments	—	4	—	4
At 30 June 2015	—	4	—	4

23. Borrowings

	Carrying Value		Fair Value	
	30 June 2015 €m	30 June 2016 €m	30 June 2015 €m	30 June 2016 €m
Non-current liabilities				
Bank borrowings (Facility B2/B3)	2,022	**1,863**	1,992	**1,844**
Unamortised fair value difference on borrowings	(235)	**(196)**	—	**—**
Amend and extend fees	(22)	**(18)**	—	**—**
	1,765	**1,649**	1,992	**1,844**
9.25% Senior Secured Notes due 2020	350	**—**	383	**—**
4.5% Senior Secured Notes due 2022	—	**500**	—	**499**
Debt issue costs	(9)	**(9)**	—	**—**
	341	**491**	383	**499**
Total Borrowings	2,106	**2,140**	2,375	**2,343**

Bank borrowings (Facility B2 & B3)

At 30 June 2016, the group has Senior Bank borrowings (Facility B3) of €1,863 million, with a maturity date of 31 May 2022. The borrowings are subject to a Senior Facilities Agreement, which, amongst other things, requires the eircom Holdings (Ireland) Limited Group to comply with financial covenants on a quarterly basis. Further details of these financial covenants are set out in Note 2 to the financial statements.

The borrowings under the Senior Facilities Agreement were recognised initially in accordance with IAS 39 at their fair value on the date of recognition, 11 June 2012, which was estimated to be 77% of the par value of the liability. The difference between the fair value on initial recognition and the amount that was payable on the maturity date is being amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39. The remaining unamortised amount at 30 June 2016 was €196 million.

23. Borrowings – continued

On 4 April 2014, the group effected an amendment and extension of the terms of 94.7% of the outstanding principal under its Facility B bank borrowings. On 11 June 2015, the group effected a further amendment and extension of its Facility B bank borrowings with 92% of the outstanding principal extended to May 2022. New proceeds of €238 million borrowed under Facility B3 were used to fully repay non-extending Facility B1 borrowings and partially repay non-extending Facility B2 borrowings at par. The Facility B3 borrowings of €1,863 million are subject to cash-pay interest at Euribor plus 4.5% margin. The €238 million mandatory prepayment of Facility B1 and B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €32 million in the income statement within 'finance costs'. The amendment and extension of the existing borrowings was accounted for as a modification of the existing financial liability for the Facility B borrowings under IAS 39.

During July 2015, the group entered into new borrowing arrangements for €2,367 million, which were drawndown and subsequently repaid in full in the context of a corporate reorganisation within the eircom Holdings (Ireland) Limited Group as described in Note 1. The transaction had no impact on the measurement or recognition of the pre-existing borrowings of the consolidated group. No gain or loss arose on the repayment of borrowings in the group financial statements and the pre-existing borrowings were not modified or otherwise affected. eircom Limited (Ireland), the principal operating company of the group, effected a transfer of its business assets and liabilities to a fellow subsidiary of the group, eircom Limited (Jersey), a company incorporated in Jersey. The internal corporate reorganisation was undertaken following receipt of the required consents from noteholders and lenders under the Senior Facilities Agreement.

The group fully repaid the non-extending Facility B2 borrowings of €159 million on the 20 June 2016. The group undertook a permitted bond refinancing in June 2016 and part of the proceeds from the €500 million 4.5% Senior Secured Notes were used to repurchase €159 million of Facility B2 principal due and outstanding under the Senior Facilities Agreement. The prepayment of Facility B2 borrowings was accounted for as an extinguishment under IAS 39 resulting in an accounting loss of €12 million in the income statement within 'finance costs'.

Senior Secured Notes

During the year ended 30 June 2016, the group issued €500 million in Senior Secured Notes with a maturity date of 31 May 2022. The Notes were issued by the group's wholly owned subsidiary, eircom Finance DAC. The Notes rank equally in priority of payment with the existing borrowings subject to the Senior Facilities Agreement. The Notes are subject to fixed rate cash-pay interest at 4.5% payable in semi-annual instalments in May and November each year. The proceeds of €500 million were used to fully repay the €350 million 9.25% Senior Secured Notes and partly finance the repayment of the non-extending Facility B2 borrowings. Total costs directly attributable to the transaction incurred by the group were €9 million.

Transaction costs are initially deferred and are subsequently amortised over the expected life of the borrowings through finance costs in the income statement using the effective interest method under IAS 39.

Fair values

The fair value of borrowings are determined by reference to quoted market prices in active markets at the balance sheet date (classified as level 1 in the fair value hierarchy).

23. Borrowings – continued

Maturity of financial borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below:

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
Bank borrowings (Facility B)	**—**	**—**	**—**	**1,863**	**1,863**
Unamortised fair value difference on borrowings	**—**	**—**	**—**	**(196)**	**(196)**
Amend and extend fees	**—**	**—**	**—**	**(18)**	**(18)**
	—	**—**	**—**	**1,649**	**1,649**
4.5% Senior Secured Notes due 2022	**—**	**—**	**—**	**500**	**500**
Debt issue costs	**—**	**—**	**—**	**(9)**	**(9)**
	—	**—**	**—**	**491**	**491**
At 30 June 2016	**—**	**—**	**—**	**2,140**	**2,140**
Bank borrowings (Facility B)	—	—	159	1,863	2,022
Unamortised fair value difference on borrowings	—	—	(18)	(217)	(235)
Amend and extend fees	—	—	(2)	(20)	(22)
	—	—	139	1,626	1,765
9.25% Senior Secured Notes due 2020	—	—	350	—	350
Debt issue costs	—	—	(9)	—	(9)
	—	—	341	—	341
At 30 June 2015	—	—	480	1,626	2,106

Borrowing facilities

During the year ended 30 June 2016, the group entered into a €150 million revolving credit facility, which was undrawn at 30 June 2016.

Currency

All of the group's borrowings are denominated in euro.

24. Derivative financial instruments

	Carrying Amount		Fair Value	
	30 June 2015 €m	30 June 2016 €m	30 June 2015 €m	30 June 2016 €m
Non-current assets				
Interest rate swaps – ineligible for hedge accounting	1	**—**	1	**—**
Total assets	1	**—**	1	**—**
Non-current liabilities				
Interest rate swaps – ineligible for hedge accounting	2	**7**	2	**7**
Current liabilities				
Interest rate swaps – ineligible for hedge accounting	2	**6**	2	**6**
Total liabilities	4	**13**	4	**13**

The group does not use derivatives for trading or speculative purposes.

24. Derivative financial instruments – continued

Interest rate swaps – ineligible for hedge accounting

In November 2014, the group entered into two forward starting interest rate swaps with a total notional principal amount of €1,200 million for a period of three years from 11 June 2015. The fixed interest rate on the swaps was between 0.093% and 0.105% and the floating rate was based on Euribor. These swaps replaced the previous three year swaps which expired on 11 June 2015. On initial recognition, the interest rate swaps were designated as cash flow hedges in accordance with IAS 39.

On 11 June 2015, the group effected an amendment and extension of the terms of its Facility B borrowings and the ‘Amendment and Restatement’ included the introduction of a floor for LIBOR and EURIBOR of zero, which applies to all the term loan facilities. There is no corresponding floor in the group’s interest rate swaps. Therefore if EURIBOR is negative, the swaps will not have the effect of hedging the group’s exposure to interest rate risk. Accordingly, the group’s interest rate swaps ceased to meet the criteria for hedge accounting under IAS 39 on that date. The fair value of these derivatives are recognised immediately in the income statement.

The unrealised loss recognised in the income statement during the year that arises from derivatives ineligible for hedge accounting is €11 million (30 June 2015: €2 million). These amounts have been classified in the income statement within ‘finance costs’.

25. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Unused tax losses for which no deferred tax asset has been recognised were €33 million at 30 June 2016 (30 June 2015: €Nil), which would equate to a potential tax benefit of €4 million at the standard Irish corporation tax rate of 12.5%. The losses were incurred by a subsidiary undertaking which was acquired during the year.

Recognised net deferred tax liabilities

Net deferred tax liabilities are attributable to the following

	Assets 30 June 2016 €m	Liabilities 30 June 2016 €m	Net 30 June 2016 €m
Intangibles	**—**	**(18)**	**(18)**
Property, plant and equipment	**—**	**(86)**	**(86)**
Deferred revenues	**1**	—	**1**
Leases	**13**	—	**13**
Pensions	**43**	—	**43**
	57	**(104)**	**(47)**

	Assets 30 June 2015 €m	Liabilities 30 June 2015 €m	Net 30 June 2015 €m
Intangibles	—	(20)	(20)
Property, plant and equipment	—	(95)	(95)
Deferred revenues	1	—	1
Leases	14	—	14
Provisions	1	—	1
Pensions	53	—	53
	69	(115)	(46)

25. Deferred tax liabilities – continued

The movement in net deferred tax liabilities was as follows:

	1 July 2015 €m	Arising on acquisition €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2016 €m
Intangibles	**(20)**	**(1)**	**3**	**—**	**(18)**
Property, plant and equipment	**(95)**	**—**	**9**	**—**	**(86)**
Deferred revenues	**1**	**—**	**—**	**—**	**1**
Leases	**14**	**—**	**(1)**	**—**	**13**
Provisions	**1**	**—**	**(1)**	**—**	**—**
Pensions	**53**	**—**	**4**	**(14)**	**43**
	(46)	**(1)**	**14**	**(14)**	**(47)**

	1 July 2014 €m	Reclass from corporation tax €m	Recognised in income credit/(charge) €m	Recognised in other comprehensive income €m	30 June 2015 €m
Intangibles	(20)	—	—	—	(20)
Property, plant and equipment	(101)	—	6	—	(95)
Deferred revenues	1	—	—	—	1
Leases	15	—	(1)	—	14
Provisions	3	1	(3)	—	1
Pensions	49	—	1	3	53
	(53)	1	3	3	(46)

26. Provisions for other liabilities and charges

	TIS Annuity Scheme €m	Onerous Contracts €m	Asset Retirement Obligations €m	MIP Debt Value €m	Other €m	Total €m
Balance at 1 July 2014	32	13	54	26	53	178
Charged to consolidated income statement:						
– Additional provisions	—	—	—	1	3	4
– Unused amounts reversed	—	(2)	—	—	(4)	(6)
– Unwinding of discount	—	—	1	—	—	1
Transfer to receivables	—	—	—	—	3	3
Reclassification to equity of MIP debt value	—	—	—	(27)	—	(27)
Increase in provision capitalised as asset retirement obligation	—	—	1	—	—	1
Utilised in the financial year	(8)	(3)	—	—	(10)	(21)
At 30 June 2015	24	8	56	—	45	133

26. Provisions for other liabilities and charges – continued

	TIS Annuity Scheme €m	Onerous Contracts €m	Asset Retirement Obligations €m	Deferred consideration €m	Other €m	Total €m
Balance at 1 July 2015	**24**	**8**	**56**	**—**	**45**	**133**
Arising on acquisition (Note 40)	—	—	—	3	—	3
Charged to consolidated income statement:						
– Additional provisions	—	19	1	—	2	22
– Unused amounts reversed	—	(2)	—	—	(2)	(4)
– Unwinding of discount	—	—	1	—	—	1
Transfer to receivables	—	—	—	—	(3)	(3)
Increase in provision capitalised as asset retirement obligation	—	—	3	—	—	3
Utilised in the financial year	(6)	(1)	(1)	—	(5)	(13)
At 30 June 2016	**18**	**24**	**60**	**3**	**37**	**142**

Provisions have been analysed between current and non-current as follows:

	30 June 2015 €m	30 June 2016 €m
Non-current	101	**108**
Current	32	**34**
	133	**142**

Temporary income stream ("TIS") annuity scheme

The eircom Limited group established an annuity scheme whereby employees participating in a voluntary termination scheme could accept payment in one lump sum or as an annuity to be paid out over a period of ten years. The group estimates the annuity liability as the present value of the fixed payment stream due to employees. At 30 June 2016, the remaining TIS annuity scheme provision is expected to be substantially utilised over a period of six years.

Onerous Contracts

The group has onerous contracts associated with vacant offices and leasehold properties, arising principally from operational restructurings. The group also has onerous contracts associated with ongoing data centre operations. The group has estimated the future cash outflows arising from these onerous contracts. The estimation of outflows reflects current economic conditions and judgements in respect of sub lease income on certain properties. If the group were unable to sublet the properties for the duration of the lease an additional provision of €0.2 million would be required in the financial statements. The group also has onerous contracts in relation to the settlement of certain legal matters. At 30 June 2016, the liabilities are expected to be discharged over a period of one to four years.

Asset Retirement Obligations

The group has provisions for costs arising from certain obligations in relation to the retirement and decommissioning of assets, mainly certain poles, batteries, international cable and dismantling and restoration of mobile antenna sites. It is expected that most of these costs will be paid during the period 2017 to 2025, and these anticipated cash flows are discounted using a real rate of return of between 2% and 4%.

26. Provisions for other liabilities and charges – continued

Debt value management incentive plan

The management incentive plan ("MIP") introduced in the year ended 30 June 2013 by the group's holding company, eircom Holdco SA, for certain directors and senior executives in the group incentivised the participants to deliver maximum returns to shareholders on a sale or other form of exit, and to achieve full repayment of the group's borrowings under the Senior Facilities Agreement ("a debt value event"). In December 2014, the shareholders of eircom Holdco S.A. elected to simplify the structure by removing the debt related elements of the plan and thereby aligning the returns to the participants with the returns to the shareholders.

The group recognised a charge of €1 million in respect of its obligations in connection with potential debt value events prior to the amendment in December 2014. Following the amendment, the group reclassified the cumulative debt value event liability of €27 million to equity in the year ended 30 June 2015.

Deferred consideration

The deferred consideration arrangement arising on the business combination requires the group to make a payment of €3 million to the former owners of Setanta Sports Channel Ireland Limited following the acquisition of the subsidiary undertaking by the group on 1 April 2016. The liability will become due on 1 October 2018, subject to warranties set out in the Share Purchase Agreement.

Other

The group is self insured in respect of certain personal injury and damage claims. There is a provision for the estimated cost of incidents which have occurred up to 30 June 2016, based on a case by case review with actuarial assistance. The payments will be made as the cases are settled. The group also has provisions for costs arising from certain compliance matters.

27. Trade and other payables

	30 June 2015 €m	30 June 2016 €m
Non-current liabilities: -		
Unfavourable lease contracts arising on acquisition	102	**93**
Trade payables	50	**54**
	152	**147**
Current liabilities: -		
Unfavourable lease contracts arising on acquisition	9	**8**
Trade payables	124	**114**
Interest payable	9	**5**
Other tax and social insurance payable	37	**40**
Accruals	177	**179**
Deferred income	105	**108**
	461	**454**

The carrying amounts of trade payables are denominated in the following currencies:

	30 June 2015 €m	30 June 2016 €m
Euro	170	**164**
Sterling	2	**3**
US dollar	2	**1**
	174	**168**

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

27. Trade and other payables – continued

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

28. Share Capital

The share capital at 30 June 2016 and 30 June 2015 is set out below:-

As at 30 June 2016 and 30 June 2015

Authorised			Issued – presented as equity	
Number and Class of Share	Amount €	Nominal Value per Share	Number and Class of Share	Amount €
10,000,000 Ordinary shares	10,000,000	€1.00 each	2 Ordinary shares	2
Equity share capital	**10,000,000**		**Equity share capital**	**2**

There were no alterations to the issued share capital of eircom Holdings (Ireland) Limited during the year ended 30 June 2016.

Rights attaching to the ordinary shares are as follows:

The Ordinary Shares carry the right to receive notice of, attend and vote at, general meetings of the Company. The Ordinary shares carry the right to receive dividends as and when declared by the Directors. On a winding-up of the Company the Ordinary shares carry the right to share in any surplus assets of the Company.

29. Reconciliation of total shareholders' equity

	Equity share capital €m	Capital Contribution €m	Cash flow hedging reserve €m	Retained earnings /(loss) €m	Total equity €m
Balance at 30 June 2014	—	9	(1)	(655)	(647)
Loss for the financial year	—	—	—	(95)	(95)
Defined benefit pension scheme remeasurement losses	—	—	—	(27)	(27)
Tax on defined benefit pension scheme remeasurement losses	—	—	—	3	3
Cash flow hedges:					
– Fair value gain in year	—	—	1	—	1
Currency translation differences	—	—	—	1	1
Capital contribution in respect of MIP equity value event	—	11	—	—	11
Reclassification to equity of MIP debt value event provision	—	27	—	—	27
Dividends relating to equity shareholders	—	—	—	(1)	(1)
Balance at 30 June 2015	**—**	**47**	**—**	**(774)**	**(727)**
Loss for the financial year	**—**	**—**	**—**	**(158)**	**(158)**
Defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**112**	**112**
Tax on defined benefit pension scheme remeasurement gain	**—**	**—**	**—**	**(14)**	**(14)**
Cash flow hedges:					
– Fair value gain in year	**—**	**—**	**2**	**—**	**2**
Currency translation differences	**—**	**—**	**—**	**(1)**	**(1)**
Capital contribution in respect of MIP equity value event	**—**	**5**	**—**	**—**	**5**
Dividends relating to equity shareholders	**—**	**—**	**—**	**(1)**	**(1)**
Balance at 30 June 2016	**—**	**52**	**2**	**(836)**	**(782)**

30. Cash generated from operations

Reconciliation of consolidated operating profit to net cash inflow from operating activities:

a) Cash generated from operations

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Loss after taxation	(95)	**(158)**
Addback:		
Income tax credit	(8)	**(11)**
Share of profit of joint venture	(1)	**(2)**
Finance costs – net	227	**226**
Operating profit	123	**55**
Adjustments for:		
– Profit on disposal of property, plant and equipment	(1)	**(7)**
– Depreciation, amortisation and impairment of property, plant & equipment	317	**368**
– Non cash lease contracts	(9)	**(8)**
– Non cash retirement benefit charge	11	**15**
– Restructuring programme costs	—	**27**
– Other non cash exceptional items	11	**19**
– Other non cash movements in provisions	1	**2**
Cash flows relating to restructuring and provisions	(56)	**(21)**
Cash flows relating to construction contracts	2	**—**
Changes in working capital		
– Inventories	3	**(3)**
– Trade and other receivables	(13)	**19**
– Trade and other payables	34	**(5)**
Cash generated from operations	423	**461**

b) In the group cash flow statement, proceeds from sale of property, plant and equipment (PPE) comprise:

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Profit on disposal of property, plant and equipment	1	**7**
Deferred consideration on disposal of property	(1)	**—**
Proceeds from sale of property held on account with third party	—	**(2)**
Net book value of PPE disposals (Note 14)	6	**4**
Proceeds from sale of PPE	6	**9**

31. Post Balance Sheet Events

During August 2016, subsequent to the balance sheet date, the group issued €200 million in additional Senior Secured Notes at a coupon rate of 4.5%, and at an offering price of 101.5%. The €200 million issue, for which cash proceeds of €203 million were received before deduction of transaction costs, was structured as a tap issue to the €500 million Senior Secured Notes issued in June 2016. The additional €200 million Notes issued are senior secured obligations of the group and rank equal in right of payment with all of the group's pre-existing and future indebtedness that is not subordinated and the Notes are guaranteed on a senior secured basis by all of the group undertakings that guaranteed the Senior Secured Notes of €500 million outstanding at 30 June 2016. The group used the proceeds of the tap issue to repay €201 million of the pre-existing Facility B3 borrowings during August 2016, thereby maintaining its total borrowings at pre-existing levels.

31. Post Balance Sheet Events – continued

Separately, during August 2016, the group agreed amendments to the terms of its Senior Facilities Agreement, which resulted in the total outstanding Facility B3 borrowings of €1,662 million being transferred to a new Facility B4, with identical interest and repayment terms. The amended conditions applicable to the Facility B4 borrowings allow for greater operational flexibility, including a reduced financial covenant compliance framework which requires that only the ratio of consolidated net debt to consolidated EBITDA to be tested for the quarter ended 30 September 2016 and thereafter until maturity against a fixed maximum threshold.

There have been no other significant events affecting the group since the year ended 30 June 2016.

32. Principal Subsidiaries, Joint Ventures and Associated Undertakings

	Interest in Ordinary Shares at 30 June 2016	Business	Registered Office and Country of Incorporation
eircom Limited	100%	Provision of telecommunications and related services	**Registered office (Irish Branch):** 1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland. **Registered office (Jersey):** 22 Grenvile Street, St. Helier, Jersey JE4 8PX, Channel Islands.
eircom Limited (Ireland)	100%	Provision of telecommunications and related services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Meteor Mobile Communications Limited	100%	Provision of mobile telecommunications and related services	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom Finco Sarl	100%	Finance Company	46A Avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
eircom Finance DAC	100%	Finance Company	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Irish Telecommunications Investments DAC	100%	Telecommunications Financing and Treasury Management	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
eircom UK Limited	100%	Provision of Telecommunications and Related Services	South Quay Plaza II, 183 Marsh Wall, London E14 9SH, UK.
eircom Holdings Limited	100%	Investment Holding Company	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Tetra Ireland Communications Limited (Joint venture)	56%	Build and Operate National Digital Radio Services Network	1 Heuston South Quarter, St. John's Road, Dublin 8, Ireland.
Altion Limited (Associated undertaking)	31.3%	Telecommunications Software Solutions	7th Floor, O'Connell Bridge House, D'Olier Street, Dublin 2, Ireland.

33. Employees

The average number of persons employed by the group for the years ended 30 June 2016 and 30 June 2015 were as follows:-

	Year ended 30 June 2015	Year ended 30 June 2016
Fixed line		
Operations/Technical	2,251	**2,171**
Sales/Customer Support	656	**638**
Administration	174	**248**
Total	3,081	**3,057**
Mobile		
Operations/Technical	172	**152**
Sales/Customer Support	217	**172**
Administration	28	**34**
Total	417	**358**
Total fixed line and mobile	3,498	**3,415**

The total number of persons employed by the group as at 30 June 2016 and 30 June 2015 were as follows:-

	30 June 2015	30 June 2016
Fixed line		
Operations/Technical	2,193	**2,114**
Sales/Customer Support	654	**665**
Administration	162	**259**
Total	3,009	**3,038**
Mobile		
Operations/Technical	162	**136**
Sales/Customer Support	194	**157**
Administration	26	**33**
Total	382	**326**
Total fixed line and mobile	3,391	**3,364**

Certain employees work in both the fixed and mobile businesses. The employee numbers are based on the entity that entered into the employment contract with the individual employees. The employee costs are recharged between the fixed and mobile segments based on estimates of the time spent by individual employees on fixed and mobile activities.

34. Pensions

(a) The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature.

The total group pension charge is split between the schemes as follows:

	Notes	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Defined Benefit Schemes (the principal scheme)			
Operating costs – staff pension costs	7	26	**29**
Exceptional – restructuring programme costs	8	—	**2**
Finance costs – net interest cost on net pension liability	10	11	**11**
Defined Benefit Schemes		37	**42**
Defined Contribution Schemes	7	4	**4**
Total		41	**46**

Defined Benefit Schemes

The group sponsors a defined benefit scheme for members in Ireland, the eircom Main Superannuation Scheme. In the year ended 30 June 2014, the group established a separate, limited scope ancillary scheme, the eircom Limited early retirement pension scheme ('Early Retirement Trust'). " At 30 June 2016, the eircom Main Superannuation Fund accounts for in excess of 99% of the group's defined benefit obligations measured in accordance with IAS 19 (Revised) "Employee Benefits".

The defined benefit schemes are funded and the assets of the schemes are held in separate trustee administered funds, the eircom Main Superannuation Fund and the Early Retirement Trust.

Regulatory Framework

The group operates the defined benefit plans under broadly similar regulatory frameworks. Benefits under the Schemes are paid to members from a fund administered by Trustees, who are responsible for ensuring compliance with the Pensions Act 1990 and other relevant legislation. These responsibilities include ensuring that contributions are received, investing the scheme assets and making arrangements to pay the benefits. Plan assets are held in trusts and are governed by local regulations and practice in each country.

In order to assess the level of contributions required on an ongoing funding basis, triennial valuations are carried out with plan obligations generally measured using prudent assumptions and discounted based on the return expected from assets held in accordance with the actual scheme investment policy.

Separately, the Pensions Act 1990 (as amended) generally requires that trustees of funded defined benefit pension schemes must submit an Actuarial Funding Certificate (AFC) at regular intervals to the Pensions Authority. In the AFC, the scheme's actuary certifies whether the scheme does or does not satisfy the minimum funding standard (MFS) at the effective date of the AFC. The funding standard is satisfied if, broadly, in the actuary's opinion, the scheme's assets at the AFC effective date were more than the sum of:

- The transfer values to which the members would be entitled to;
- The risk reserve; and
- The estimated expenses of winding up the scheme.

If the MFS valuation indicates a funding level of below 100%, action would be required. This generally takes the form of agreeing a 'Funding Proposal' with the Trustees with the aim of meeting the MFS at a specified future point in time.

34. Pensions – continued

eircom Main Superannuation Scheme

The Scheme is closed to new entrants. However, benefits continue to accrue to members in active service, and benefits in deferment and in payment are subject to discretionary increases on the part of the group.

Retirement benefits under the Main Superannuation Scheme are calculated by reference to pensionable service and pensionable salary at normal retirement date. Principal benefits comprise of:

(i) Retirement pension, calculated at 1/80th of pensionable pay for each year of reckonable service, up to a maximum of 40/80ths (that is, half pensionable pay). Pensionable pay in most cases is made up of a member's wages or salary at the last day of service plus certain pensionable allowances

(ii) Retirement gratuity (also known as "lump-sum"), calculated at 3/80th of pensionable pay for each year of reckonable service, up to a maximum of 120/80ths (that is, one and a half times pensionable pay).

(iii) Death gratuity, for in-service members, of at least one year's pensionable pay subject to a limit of one and a half times pensionable salary calculated in the same manner as the retirement gratuity.

On an ongoing basis, the Scheme's liabilities consist of obligations to make benefit payments to current and potential future beneficiaries.

As a result of the Pensions Accord, agreed with Trade Unions in 2010, increases in benefits in deferment and in payment and pensionable pay and allowances were frozen up to 30 June 2014. Thereafter, pension increases, if any, will be capped at the lowest of the following:

- the percentage increase in actual pay awarded;
- the percentage increases in consumer prices in the year as measured by the Consumer Price Index (CPI) published by the CSO for the prior year to 31 December; and
- a specified maximum annual increase as follows:
  - 4.00% in each of 2015, 2016 and 2017
  - 3.25% in each of 2018, 2019 and 2020
  - 2.50% in each year thereafter

Early Retirement Trust

The Early Retirement Trust was established in the year ended 30 June 2014 to provide benefits to staff exiting under the Incentivised Exit Programme who opted to avail of an enhanced early retirement option with up to five years added service. In addition to their pre-existing membership of the eircom Main Superannuation Scheme, those individuals became members of the Early Retirement Trust, which provides fixed pension benefits between the last day of service and age sixty. At age sixty benefits from the Early Retirement Trust cease and the preserved benefits under the eircom Main Superannuation Scheme become payable. The Early Retirement Trust is closed to future accrual of benefits.

In the year ended 30 June 2014, the group agreed to provide funding to the Early Retirement Trust totalling €26 million in respect of all its committed past service liabilities. The €26 million funding requirement was fully paid over at 30 June 2015 (30 June 2014: €13 million). Thereafter, subject to achieving anticipated investment returns, the group does not anticipate any further contributions becoming due to the Early Retirement Trust, as members are incapable of earning increases in benefits or accruing additional benefits.

eircom Main Superannuation Scheme Actuarial Valuation and Funding

The eircom Limited group committed to an annual employer contribution of €20 million for three years ending on 31 December 2013. From 1 January 2014, the actual contributions in respect of the principal scheme represent a rate of 8.5% of pensionable emoluments, as advised by the group's actuaries. The last actuarial valuation of the

34. Pensions – continued

eircom Main Superannuation Scheme Actuarial Valuation and Funding – continued

principal scheme was carried out using the attained age method, as at 30 September 2013, by Mercer, who are actuaries to the Scheme but are neither officers nor employees of the group. The actuarial method used involved determining an appropriate future group contribution rate designed to fund the projected liabilities of the Scheme related to service subsequent to 1 January 1984 (see Note 34 (b)) over the remaining working lifetime of the current members.

The actuarial valuation as at 30 September 2013 was determined by reference to the following critical assumptions: (1) an assumed rate of pensionable pay and pension inflation of 1.9% per annum with effect from 1 January 2014 (0% until 31 December 2013) and (2) an assumed rate of investment return of 4.9%. At the date of the last actuarial valuation, the market value of the pension scheme assets was €3,123 million, and the actuarial valuation of the assets attributable to the pension fund was sufficient to meet more than 100% of the value of the scheme's accrued liabilities making due allowance for future increases in salaries and pensions.

The actuarial valuation report also indicated that the Scheme met the Minimum Funding Standard as at 30 September 2013, and included a completed Actuarial Funding Certificate confirming this outcome. The actuarial report is available for inspection by the members of the scheme at 1 Heuston South Quarter, St. John's Road, Dublin 8. The actuarial report is not available for public inspection.

The next scheduled formal valuation of the scheme is as at 30 September 2016. If a deficit were to arise in the ongoing funding valuation at a future date, the actuary could recommend an increase in the employer contribution rate. However, there is no legal obligation on the group to remediate a deficit and there is a practical limit to what the group could reasonably afford, and would be prepared to pay. Other possible remediation could include, for example, further limitation of discretionary increases in pensions in deferment and in payment.

The minimum funding standard regime provides a practical base line in terms of both a target funding level and contribution rate. In circumstances where a scheme fails to satisfy the minimum funding standard, the Pensions Board has established guidelines in relation to what would constitute an acceptable funding proposal. Developing a funding proposal that is acceptable to the Trustees, eircom Limited and Pensions Authority could prove to be a significant challenge in the event that the Scheme fails to satisfy the minimum funding standard at a future date.

Mercer also perform all annual valuations required under IAS 19 "Employee Benefits". These valuations are performed on the projected unit basis.

Defined Benefit Schemes obligations

The status of the defined benefit schemes, as measured in accordance with IAS 19 (Revised) "Employee Benefits", is as follows:

	30 June 2015 €m	30 June 2016 €m
Present value of funded obligations	4,331	**4,730**
Fair value of scheme assets	(3,905)	**(4,384)**
Liability recognised in the Balance Sheet	426	**346**

34. Pensions – continued

Reconciliation of defined benefit obligation	30 June 2015 €m	30 June 2016 €m
At beginning of financial period	3,940	**4,331**
Current service cost	25	**28**
Interest cost	113	**103**
Past service costs and curtailment losses	—	**2**
Remeasurements:		
– Loss from change in demographic assumptions	10	**—**
– Loss from change in financial assumptions	329	**494**
– Experience loss/(gain)	6	**(130)**
Contributions by employees	8	**8**
Benefits paid	(100)	**(106)**
Total – Defined benefit obligation	4,331	**4,730**

Defined benefit obligation by member status	30 June 2015 €m	30 June 2016 €m
Actives	1,138	**1,279**
Vested deferreds	1,637	**1,834**
Retirees	1,556	**1,617**
Total – Defined benefit obligation	4,331	**4,730**

Reconciliation – Fair value of plan assets	30 June 2015 €m	30 June 2016 €m
At beginning of financial period	3,549	**3,905**
Interest income on plan assets	102	**92**
Administration costs	(1)	**(1)**
Remeasurements: Return on plan assets, excluding amounts included in interest income	318	**476**
Contributions paid by group	29	**10**
Contributions by employees	8	**8**
Benefits paid	(100)	**(106)**
Total – Fair value of plan assets	3,905	**4,384**

The components of the amounts recognised in the income statement are as follows:

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Current service cost	25	**28**
Administration costs	1	**1**
Interest on obligation	113	**103**
Interest income on plan assets	(102)	**(92)**
Total net charge included in the income statement excluding restructuring	37	**40**
Past service costs and curtailment losses	—	**2**
Total net charge included in the income statement	37	**42**
Actual return on scheme assets	419	**568**

The expected contribution level for the year ended 30 June 2017 for the defined benefit scheme is €10 million.

The weighted average duration of scheme liabilities at 30 June 2016 was estimated to be 17 years (30 June 2015: 18 years).

34. Pensions – continued

Pensions Levy

The Irish Finance (No. 2) Act 2011 introduced a levy of 0.6% on the market value of assets under management in Irish pension funds, for the years 2011 to 2014 (inclusive). Finance (No. 2) Act 2013 put in place a further 0.15% levy for 2014 and 2015. The levy is based on scheme assets as at 30 June in each year, or as at the end of the preceding scheme financial year. The group recognised a charge of €6 million in respect of the 2015 pension levy through other comprehensive income for the year ended 30 June 2015.

In 2011, the group informed the Trustees of the Main Fund that it is not in a position to carry the charges in relation to the pension levy. The Trustees considered various options with regard to funding the levy, ranging from absorbing the cost within the fund or directly reducing base benefits and pensions payable. The Trustees ultimately concluded that it would be necessary to pass the pensions levy onto members. The precise mechanism will be determined by the Trustees following consultations between the group and the Trustees and separately between the group and member representatives.

The total amount of pension levy paid from 2011 to 2015 (inclusive) by the Trust was €83 million. No pension levy was due at 30 June 2016. While the Trustees have accepted that the members will ultimately bear the cost of the pensions levy, no reduction in the defined benefit obligation has been recognised as at 30 June 2016 in respect of the levy.

Pension scheme assets

The fair value of scheme assets as at 30 June 2016 was €4,384 million (30 June 2015: €3,905 million).

The table below presents a breakdown of the various types of investment in which the pension assets are invested:

	30 June 2015				30 June 2016			
	Quoted €m	Unquoted €m	Total €m	%	Quoted €m	Unquoted €m	Total €m	%
Equities & other assets	366	272	638	16%	**313**	**281**	**594**	**14%**
Bonds	2,251	467	2,718	70%	**2,654**	**508**	**3,162**	**72%**
Property	—	537	537	14%	—	**616**	**616**	**14%**
Cash	—	18	18	—	—	**12**	**12**	—
Pension levy	—	(6)	(6)	—	—	—	—	—
Total pension assets	2,617	1,288	3,905	100%	**2,967**	**1,417**	**4,384**	**100%**

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2015	At 30 June 2016
Rate of increase in salaries	1.50%	1.40%
Rate of increase in pensions in payment	1.50%	1.40%
Discount rate	2.40%	1.65%
Inflation assumption	1.70%	1.50%
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old male	88 years	88 years
Mortality assumptions – Pensions in payment – Implied life expectancy for 65 year old female	90 years	90 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old male	91 years	91 years
Mortality assumptions – Future retirements – Implied life expectancy for 65 year old female	93 years	93 years

34. Pensions – continued

The above assumptions reflect the imposition of a cap on the increases in pensionable pay to the lower of CPI, salary inflation or agreed fixed annual rates.

Sensitivity of defined benefit obligation to key assumptions

The table below sets out the sensitivity of defined benefit obligation to changes in key assumptions:

	Change in Assumption	Impact on actuarial liabilities
Discount rate	0.25% increase	**(201)**
Rate of increase in salaries and pensions in payment	0.25% increase	**197**
Life expectancy	1 year increase	**113**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, a change in one assumption could impact on other assumptions due to the relationship between assumptions. Some of the above changes in assumptions may also have an impact on the value of the schemes' investment holdings. For example, the plans hold a proportion of their assets in corporate bonds. A fall in the discount rate as a result of lower corporate bond yields would be expected to lead to an increase in the value of these assets, thus partly offsetting the increase in the defined benefit obligation. The extent to which these sensitivities are managed is discussed further below.

Risks and risk management

Through its defined benefit pension schemes, the group is exposed to a number of areas of risk. The key areas of risk, and the ways in which the group has sought to manage them, are set out below.

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funds hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. In 2010, the Trustees initiated a review of the Main Scheme's investment strategy. That review resulted in a substantial shift in the investment portfolio from equity to fixed interest investments. At the same time the Trustees put in place a dynamic de-risking process to further transition the Scheme's equity allocation to fixed interest holdings in a systematic manner.

However, the group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently.

There is also an element of credit risk attaching to the bond portfolio and currency risk to the extent that assets are denominated in currencies other than the euro and are not correspondingly hedged.

Changes in bond yields

Interest rate and inflation risks, along with equity risk, are the defined benefit schemes' largest risks. From an accounting liability perspective, the schemes are also exposed to movements in corporate bond spreads. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plans against high inflation. However, for the most part these inflationary increases are ultimately discretionary in nature.

34. Pensions – continued

Life expectancy

The majority of the schemes' obligations are to provide a pension for the life of the member and that of the member's widowed spouse, which means that increases in life expectancy will result in an increase in the plans' liabilities.

(b) The Irish Minister for Finance is responsible for meeting and discharging the liability of: (i) the pension costs of former staff of the Irish Department of Posts and Telegraphs who retired or died before the vesting Day (1 January 1984); (ii) costs in respect of the pension entitlements, related to pre-vesting day reckonable service, of staff who transferred to eircom from the Irish Civil Service. Such benefit payments are made from the eircom Number 2 Pension Fund, which was established in March 1999 and received a contribution of €1,016 million from the Irish Minister for Finance in accordance with arrangements set out in the eircom Superannuation (Amendment) Scheme, 1999. However, the Minister retains full liability for these payments.

35. Operating lease commitments

At 30 June 2016, the group had annual commitments in respect of lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years. The analysis of the group's annual commitments is as follows:-

	30 June 2015		30 June 2016	
	Property €m	Vehicles, plant and equipment €m	Property €m	Vehicles, plant and equipment €m
Annual commitments				
Under non-cancellable operating leases expiring:				
No later than one year	4	—	**2**	**—**
Later than one year but no later than five years	17	1	**17**	**1**
Later than five years	16	—	**17**	**—**
	37	1	**36**	**1**

The total contracted payments due on operating leases are as follows:

	30 June 2015 €m	30 June 2016 €m
Payable:		
No later than one year	38	**37**
Later than one year but no later than five years	102	**101**
Later than five years	213	**202**
	353	**340**

36. Credit guarantees and securities

Credit guarantees

The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings.

Senior Credit Facility

At 30 June 2016, eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €1.9 billion of eircom Finco Sarl pursuant to the Senior Credit Facility of eircom Holdings (Ireland) Limited Group. The group also has an undrawn €150 million revolving credit facility.

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group consists of a €1.9 billion term loan and €150 million undrawn revolving credit facility which has the benefit of guarantees and security for all

36. Credit guarantees and securities – continued

amounts borrowed under the terms of the Senior Credit Facility. The guarantees rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Senior Credit Facility, including the guarantee of the Senior Secured Notes. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement. The Senior Credit Facility is secured by pledges over the shares in eircom Holdings (Ireland) Limited, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl, and fixed and floating charges over the assets of eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Mobile Communications Limited and eircom UK Limited, subject to certain exclusions specified in the security documents. The companies guaranteeing the Senior Credit Facility are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Senior Secured Notes

eircom Holdings (Ireland) Limited and certain of its subsidiaries have guaranteed financial indebtedness for €500 million of eircom Finance DAC, a subsidiary of the group, pursuant to the Senior Secured Notes issued in June 2016.

The guarantees are general senior obligations of each guarantor and rank equally in right of payment with all existing and future indebtedness that is not subordinated to the Notes, including the guarantee of the Senior Credit Facility. The guarantees are contractually subordinated in right of payment to certain hedging obligations pursuant to the Intercreditor Agreement.

The Senior Secured Notes are secured by pledges over the equity interests in eircom Finance DAC and each Guarantor, pledges over certain bank accounts, intercompany claims and related security of eircom Finco Sarl and fixed and floating charges over the assets of the guarantors, subject to certain exclusions specified in the security documents. The guarantors of the Senior Secured Notes are eircom Holdings (Ireland) Limited, eircom Finco SARL, eircom Limited (Jersey), eircom Limited, Irish Telecommunications Investments DAC, Meteor Ireland Holdings LLC, Meteor Mobile Holdings Limited, Meteor Mobile Communications Limited and eircom UK Limited.

Hedging obligations

The group has entered into derivative financial instruments which are subject, amongst other things, to an Intercreditor Agreement. In accordance with this agreement, the liabilities to hedging counterparties rank in priority to liabilities arising under the Senior Credit Facility and Senior Secured Notes in the event of enforcement action.

Tetra Securities

The Senior Credit Facility of the eircom Holdings (Ireland) Limited Group and the Senior Secured Notes of eircom Finance DAC are secured by a second pledge over eircom Limited's shares of Tetra.

37. Contingent liabilities

Hearing loss claims

As of 30 June 2016, eircom has received notice of personal injury claims for alleged hearing loss from one hundred and sixteen current and former employees, fifteen of which have been withdrawn, and eight of which have been discontinued. Of the ninety-three remaining claims, fifty-five have become prima facie statute barred, and therefore eircom Limited considers these cases to be closed. Of the remaining cases, twenty-six individuals have issued court proceedings but did not serve these within the period they had to do so and so eircom Limited also considers these cases to be closed. Twelve sets of proceedings have been served and are active. eircom Limited has denied liability in all of the claims and intends to vigorously defend all proceedings issued in respect of hearing loss claims.

37. Contingent liabilities – continued

Claim for title by the State in respect of the Ship Street and Leitrim House properties

eircom Limited, and its predecessor before privatisation, the Department of Posts and Telegraphs, has been in occupation of the Leitrim House and Ship Street exchange properties in Dublin city centre from the 1920s. Leitrim House contains a number of offices and Ship Street is a key telecoms exchange. The Minister for Finance has claimed that the State has title to the properties and issued a plenary summons on 12 July 2013 seeking possession. Those proceedings were served on eircom Limited on 1 July 2014, prior to the date for expiry of the summons on 12 July 2014. A Statement of Claim was delivered by the State on 17 December 2014. eircom raised a Notice for Particulars on 27 March 2015. Replies to those Particulars was delivered by the State on 8 May 2015. A Notice for Further and Better Particulars was served by eircom on 17 August 2015, to which no reply has been received. The proceedings have been dormant since that time and eircom remains in occupation.

Performance guarantees

Performance guarantee deposits have been lodged in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts (see Note 20). At 30 June 2016, these include €2 million in respect of undertakings arising in relation to the roll out of our 3G network in Ireland, including achieving certain agreed milestones, €3 million in respect of eircom's obligation under a Quality of Service Performance Improvement Programme under our Universal Service Obligations ("USO") and €2 million in relation to other obligations under certain commercial contracts No material losses are expected in respect of these obligations.

Allegations of anti-competitive practices

In October 2002, ComReg determined that eircom Limited was not in compliance with its obligations under the voice telephony regulations, as it provided telephone services to specific customers at prices which were not in accordance with the specific terms and conditions of eircom Limited's discount schemes and published prices. No penalties were levied on eircom Limited as a result of this determination.

Ocean Communications Limited and ESAT Telecommunications Limited issued proceedings in the Irish High Court in December 2002 against eircom Limited seeking damages including punitive damages resulting from the matters that were the subject of the ComReg determination. eircom Limited submitted its defence on 26 January 2004 and intends to defend the proceedings vigorously.

The plaintiffs submitted general particulars of their damages claim on 3 February 2004 under the headings: loss of existing customers, loss of prospective customers, economic loss and loss of future profits. In those particulars, the plaintiffs identified claims for loss of revenue on existing customers (€7.4 million), failure to meet the plaintiffs' alleged budgeted growth (€25 million), and loss of revenue on the plaintiffs' pricing (€5 million). The particulars also include further unquantified damages. The plenary summons and statement of claim of Ocean Communications Limited and ESAT Telecommunications Limited were amended, inter alia, in April 2005 to include a claim for alleged breach of certain constitutional rights. Even if the plaintiffs could establish a liability on eircom Limited's part under each of these headings, eircom Limited's Directors do not believe that these figures represent damages which would be properly recoverable from eircom Limited.

No further action has been taken by the plaintiffs in the ten years since they amended the plenary summons and statement of claim. eircom Limited does not expect the plaintiffs to take any further action, and even if they attempted to do so, eircom Limited believes, based on independent legal advice, that the proceedings would be struck out for want of prosecution.

Claims by Smart Telecom

On 8 June 2005, Smart Telecom instituted proceedings against eircom Limited in the Irish High Court, challenging the validity of a notice of termination issued by eircom Limited to Smart Telecom terminating an interconnection agreement and alleging that the notice of termination was an abuse by eircom Limited of its dominant position in the telecommunications market. Smart Telecom further alleged that eircom Limited was

37. Contingent liabilities – continued

Claims by Smart Telecom – continued

abusing its dominant position by refusing to provide network access in the form of Local Loop Unbundling ("LLU") in the manner required by Smart Telecom. The reliefs sought by Smart Telecom included declarations that the notice of termination was invalid, that eircom Limited was abusing its dominance by failing to meet Smart Telecom's LLU requirements and unspecified damages, including exemplary damages, for breach of contract and violation of the Competition Act 2002 and the EC Treaty. eircom Limited delivered its defence in the proceedings on 23 December 2005.

eircom Limited's Directors believe that the notice of termination was validly issued in accordance with the interconnection agreement, and that eircom Limited provides access to its network fully in accordance with its obligations, and intends to defend the proceedings vigorously if pursued. Smart Telecom submitted general particulars of its damages claim under the headings: wasted expenditure (€1.6 million), delayed sales/lost customers (€3.8 million per annum), and capitalisation of losses (€41.7 million per annum). Even if Smart Telecom could establish liability on eircom Limited's part under each of these headings, eircom Limited's Directors do not believe that these figures represent damages that would be properly recoverable from eircom Limited.

In October 2006, eircom Limited terminated the interconnection agreement with Smart Telecom on grounds unconnected with the proceedings. In 2006 and 2007, eircom Limited introduced the LLU functionality that is the subject of Smart's claim in the proceedings.

No further action has been taken by Smart Telecom after the delivery of eircom Limited's defence in December 2005. In December 2009, Smart Telecom went into liquidation. eircom Limited does not expect the plaintiff to take any further action and even if it attempted to do so, eircom Limited believes, based on independent legal advice, that the proceedings would be struck out for want of prosecution.

Other

Other than as disclosed above, a number of other lawsuits, claims and disputes with third parties including regulatory and taxation authorities have arisen in the normal course of business. While any litigation or dispute with regulatory and tax authorities has an element of uncertainty, the Directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

38. Commitments

Capital commitments of the group which have been contracted for were €76 million at 30 June 2016 (30 June 2015: €45 million). These amounts have been approved by the Board.

Network share agreement with Three

Three and the group signed a network sharing agreement in the year ended 30 June 2015. This partnership with Three strengthens the existing network sharing agreement that had been in place between O2 and the group since 2011.

The agreement will run to 2030 and commits funding to create a shared network of sites. Three and the group will share site equipment, power supply, towers and transmission throughout the country. The existing sites of both operators will be consolidated and new sites will be jointly built. The partnership will further facilitate the introduction of new technologies to roll out 4G/LTE services and provide data coverage to every part of the country.

To the extent that the group expects to decommission existing assets in connection with the agreement, the related useful lives of the assets concerned and asset retirement obligations have been revised as appropriate, and provisions have been recognised for any decommissioning costs for which a legal or constructive obligation existed at the balance sheet date.

38. Commitments – continued

The network sharing agreement between Three and the group is determined to be a joint operation in accordance with the guidance in IFRS 11. The group accounts for its own rights and obligations as well as its share of any joint rights and obligations.

39. Related party transactions

The following transactions were carried out with related parties:

a) Key management compensation

	Year ended 30 June 2015 €m	Year ended 30 June 2016 €m
Salaries and other short-term employee benefits	5.9	**7.0**
Other long-term employee benefits	1.0	**—**
Post-employment benefits	0.2	**0.3**
	7.1	**7.3**
Termination benefits	9.9	**0.5**
Share based payments	11.2	**5.0**
	28.2	**12.8**

Management Incentive Plan

The management incentive plan ("MIP") was initiated in the year ended 30 June 2013 by the group's parent company, eircom Holdco S.A., for certain directors and senior executives in the group. The MIP originally incentivised the participants to deliver full repayment of the group's borrowings under the Senior Facilities Agreement ("a debt value event") and to deliver maximum returns to shareholders on a sale of their shares ("sale event"). The debt value element was accounted for in accordance with IAS 19, Employee benefits, and the equity value element in accordance with IFRS 2, Share based payments. In December 2014, the shareholders of eircom Holdco S.A. elected to simplify the structure by removing the debt related elements of the plan and thereby aligning the returns to the participants with the returns to the shareholders. Following these amendments all of the benefits of the MIP are accounted for in accordance with IFRS 2.

The individual participants' entitlements under the MIP are subject to graded vesting on a time basis over five years, although the agreements provide for accelerated vesting in the event of a sale or public offering provided the individual remains employed at such date. The weighted average remaining contractual vesting term of the awards is 2.38 years.

The participants are entitled to receive instruments in Eircom MEP S.A., which in turn hold instruments in eircom Holdco S.A.. The instruments held in Eircom MEP S.A. carry no voting rights and are not transferable. These instruments will be cash settled on vesting by eircom Holdco S.A., however there is no obligation for the group to make any cash payments.

Under the terms of the MIP there are good and bad leaver clauses, which determine the rights of participants who cease to be employees prior to the occurrence of an exit event.

The group re-measured the debt value element prior to the amendment in December 2014 and as a result recognised a charge of €1 million in its income statement in the year ended 30 June 2015. Following the amendment, the group reclassified the cumulative debt value event liability of €27 million to equity and classified this within the capital contribution reserve. The conversion of the previously held MIP instruments gave the participants equal value before and after modification.

For the year ended 30 June 2016, the group also recognised a charge of €5 million (30 June 2015: €11 million) in its income statement, with a corresponding increase in equity, in respect of contractual rights under the MIP awarded by the parent company, eircom Holdco S.A., to the group's employees, for which the group has no

39. Related party transactions – continued

obligation to make any payment. A cumulative capital contribution of €52 million is recorded on the balance sheet as at 30 June 2016 (30 June 2015: €47 million).

b) Other related parties transactions

During the year ended 30 June 2015, the group advanced a loan of €14 million to eircom Holdco S.A.. The loan was advanced following the decision by the Board of Directors of eircom Holdco S.A. to exercise a call option over vested shares in eircom Holdco S.A. held by departing executives through the Management Incentive Plan. The loan was used by eircom Holdco S.A. to repurchase the shares. The amount outstanding at 30 June 2016 is €14 million (30 June 2015: €14 million).

During the year ended 30 June 2016, the group recharged operating costs incurred on behalf of eircom Holdco S.A. of €Nil (30 June 2015: €0.2 million). The amount outstanding in respect of these costs is €Nil at 30 June 2016 (30 June 2015: €0.4 million).

During the year ended 30 June 2016, the group provided transmission and infrastructure services and recharged operating costs incurred on behalf of Tetra Ireland Communications Limited of €5.7 million (30 June 2015: €5.8 million). The amount outstanding in respect of these costs is €3.3 million at 30 June 2016 (30 June 2015: €5.3 million).

40. Business combinations

On 1 April 2016, the group acquired 100% of the share capital of Setanta Sports Channel Ireland Limited (a company incorporated in Ireland), as well as the Irish residential subscriber business and assets of Setanta Sports Hibernia Sàrl (together "Setanta Sports Ireland"). The acquisition allows eir to significantly expand its TV offering and further enhance the range of propositions on offer to customers. Setanta Sports Ireland offers a compelling range of exclusive sports content in the Republic of Ireland. The acquired business contributed revenues of €8 million and profit of €0.06 million to the group for the period 1 April 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, the group income statement would show pro-forma revenue of €1,327 million (unaudited) and loss of €158 million (unaudited).

Further to the acquisition of the business and assets of Setanta Sports Hibernia Sàrl, eircom Limited agreed amendments with a third party in respect of a key contract acquired as part of the business combination. The amendments gave rise to a substantial enhancement of the contractual asset rights, and accordingly the costs incurred in connection with these contractual amendments have been capitalised.

Details of net assets acquired and goodwill are as follows:

	€'m
Total purchase consideration	
– Cash paid	22
– Deferred consideration (Note 26)	3
	25
Fair value of net assets acquired	(5)
Goodwill (Note 12)	20

The goodwill represents the value to the group of having an established workforce and the fair value of the expected synergies and other benefits from being able to offer sports programming as part of a bundled fixed line broadband offering by eircom Limited.

40. Business combinations – continued

The assets and liabilities arising from the acquisition are as follows:

	Fair Value €'m
Cash and cash equivalents	—
Restricted cash	1
Customer relationships (included in other intangible assets) (Note 13)	7
Receivables	7
Payables	(9)
Deferred tax liabilities (Note 25)	(1)
Net assets acquired	**5**

	€'m
Purchase consideration settled in cash	22
Cash and cash equivalents in subsidiary acquired	—
Cash outflow on acquisition	**22**

30 June 2015

There were no business combinations during the year ended 30 June 2015.

41. Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 July 2015 or later periods but which the group has not early adopted, as follows:

IFRS 9, 'Financial instruments'. (Effective for annual periods beginning on or after 1 January 2018, subject to EU endorsement). The new standard addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification models in IAS 39 with a model that has two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets. IFRS 9 removes the requirement to separate embedded derivatives from financial asset host instruments and the cost exemption for unquoted equities. The group is currently reviewing the expected impact of this standard, which may change as a consequence of further developments resulting from the IASB's financial instruments project.

IFRS 15, 'Revenue from Contracts with Customers'. (Effective for periods beginning on or after 1 January 2018, subject to EU endorsement). IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue Standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition: IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services. The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The group anticipates significant changes in financial reporting upon implementation of the new standard, more specifically:

- Under current revenue accounting policies applied by the group, when allocating revenue to deliverables, amounts contingent upon provision of future service are not allocated to delivered elements. This will no

41. Standards, interpretations and amendments to published standards that are not yet effective – continued

longer be the case under IFRS 15, and the group expects in particular that it will therefore be required to recognise additional revenue at the time of transfer of subsidised handsets sold directly to customers in conjunction with a service contract, and less revenue as services are delivered over the service contract term.

- To the extent that unbilled revenue is recognised upon delivery of handsets, this will be reflected in the balance sheet as a contract asset, which will be subject to ongoing impairment review. Where revenue is recognised earlier than under current standards, impairment charges and tax charges may similarly be recognised earlier.
- IFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. A company would recognise an asset for (i) the incremental costs of obtaining a contract and (ii) costs incurred to fulfil a contract, if those costs are expected to be recovered. Once a performance obligation is satisfied, any contract costs must be recognised in the income statement, The group expects that certain of its contract acquisition and fulfilment costs, which are currently expensed to the income statement as incurred, will be deferred on the balance sheet under IFRS 15 and amortised as revenue is recognised under the related contract. Costs within the scope of this change are expected to include, amongst others, commissions payable to dealers for the acquisition and retention of mobile subscribers and the costs of providing fixed line and mobile services that do not currently meet the criteria for recognition as assets under other standards;
- The accounting for subscriber acquisition costs in the Mobile segment will be impacted by whether or not the company has acted as principal in satisfying the delivery of the subsidised handset to the customer. The new standard also includes updated guidance on identifying the principal where an intermediary is party to a transaction. This guidance places emphasis on control of goods prior to delivery to the customer, which contrasts with the IAS 18 guidance which focussed on the bearer of the substantial risks and rewards associated with the transaction.

The group is continuing to assess the full impact of IFRS 15 on its financial reporting in light of the distinct and marked impact this standard is expected to have on financial reporting by all telecommunications operators.

IFRS 16, 'Leases'. (Effective for periods beginning on or after 1 January 2019, subject to EU endorsement). IFRS 16 specifies how an entity will recognise, present and disclose leases and will replace the previous lease Standard: IAS 17 Leases. IFRS 16 will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The new standard will however, include two recognition exemptions for leases: (i) leases of 'low-value' assets and (ii) short term leases. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events e.g. a change in the lease term. Lessor accounting will remain substantially unchanged under the new standard. Lessors will continue to classify all leases using the same classification principle as currently exists under IAS 17. The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the changes are expected to have an impact on the consolidated income statement and consolidated statement of financial position. The group has not yet decided whether to adopt IFRS 16 at the same time as IFRS 15 is adopted.

Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities". (Effective for annual periods beginning on or after 1 January 2016, subject to EU endorsement). The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate holding entity is available to a holding entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. The amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Furthermore, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. This amendment is not expected to have any effect on the group.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in Associates and Joint Ventures'. (Effective date deferred until the IASB have finalised any amendments arising from its research

41. Standards, interpretations and amendments to published standards that are not yet effective – continued

project, subject to EU endorsement). The amendments address the recognition of the gain or loss arising on the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the full gain or loss should be recognised where the transfer involves a business as defined in IFRS 3. Where the transfer does not involve such a business, the gain or loss should only be recognised to the extent of unrelated investors' interests in the associate or joint venture. This amendment is not expected to have any effect on the group.

Amendments to IAS 1, "Disclosure Initiative". (Effective for periods beginning on or after 1 January 2016). The amendments to IAS 1 include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. This amendment is not expected to have any significant effect on the group, the standard impacts on presentation and disclosure and has not impacted on the measurement of amounts.

Amendments to IAS 7, "Disclosure Initiative". (Effective for periods beginning on or after 1 January 2017, subject to EU endorsement). The amendment to IAS 7 requires an entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities (including both cash and non-cash changes). This amendment is not expected to have any significant effect on the group, the standard impacts on presentation and disclosure and has not impacted on the measurement of amounts. Amendments to IAS 27, "Equity Method in Separate Financial Statements". (Effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment is not expected to have any effect on the group.

Amendments to IFRS 2, "Share Based Payment". (Effective for annual periods beginning on or after 1 January 2018, subject to EU endorsement). The amendments clarify: (i) accounting in relation to cash-settled share-based payment transactions that include a performance condition, (ii) the classification of share-based payment transactions with net settlement features and (iii) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. These amendments are not expected to have any significant effect on the group.

Amendments to IAS 12, 'Income Taxes'. (Effective for annual periods beginning on or after 1 January 2017, subject to EU endorsement). The amendments to IAS 12 clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. As a result of the amendments, an entity will need to consider whether tax law restricts the sources of taxable profits against which the deferred tax asset can be utilised. The amendments also provide guidance on how an entity should determine future taxable profits and explains in what circumstances taxable profits may include the recovery of some assets for more than their carrying amount. This amendment is not expected to have any significant effect on the group. Amendments to IAS 16 'Property, Plant and Equipment', and IAS 38 'Intangible Assets'. (Effective for financial periods beginning on or after 1 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. Also, it introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. This amendment is not expected to have any significant effect on the group as the group does not calculate depreciation or amortisation based on revenue.

IFRS 11 (Amendment), 'Joint Arrangements'. (Effective for periods beginning on or after 1 January 2016). The amendment clarifies the accounting for an interest in a joint operation when the joint operation is formed and there is an existing business that is contributed or where the acquisition of the interest is in an existing joint operation that is a business. The joint operator accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business applies the relevant principles for business

41. Standards, interpretations and amendments to published standards that are not yet effective – continued

combinations accounting in IFRS 3 and other Standards, and discloses the relevant information required by those Standards for business combinations. This is not expected to have any impact on the group's accounting for its existing joint arrangements.

Annual Improvements 2012 to 2014. (Effective for annual periods beginning on or after 1 January 2016). The IASB has issued "annual improvements" which amends various standards. The group is currently assessing the impact of these improvements on its financial reporting, but does not anticipate that the improvements will have a material impact on the group's financial statements.

42. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors on 1 September 2016.

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