BABCOCK & BROWN CAPITAL LIMITED

Babcock & Brown Capital
Sept 08 Quarter Operational Update

26 November 2008

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MANAGEMENT AGREEMENT TERMINATION

Terms	• Cash consideration of A$32.5m paid to Babcock & Brown upon termination of the existing Management Agreement (which would occur following shareholder approval) • A$12.5m payment for termination of the Babcock & Brown preferred advisory mandate, conditional upon a change of control occurring in BCM (or eircom) prior to 30 April 2010 • A$5m payment to Babcock & Brown for advisory services related to BCM's review process, conditional upon a change of control occurring in BCM (or eircom) prior to 30 April 2010
Timetable	• Independent Expert report now being prepared • NOM including Independent Expert report sent to shareholders by end of January 2009 • General Meeting held early 2009 but no later than 28 February 2009

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CAPITAL MANAGEMENT INITIATIVES

Return to Shareholders	• A$100.7m (60 cents per share) proposed • Composition dependent on ATO tax ruling – likely to be capital return • Requires shareholder approval
Cash Position	• A$325m balance as at 30 September 2008 • A$101m proposed return to shareholders • Retention of cash reserves of approximately A$225m at BCM level for existing investments, and for amounts due under the management termination arrangement
Investment Reserves	• BCM stated in February 2008 a reserve of up to A$150m would be retained to support investments; however • Board continues to assess prudent level of reserves to be allocated to the existing investments to take into account the current economic environment and the challenging financial markets • No decision has been made and no request has been received to inject further capital into either eircom or Golden Pages

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REVIEW PROCESS

Formal Review	• Formal review process to further consider approaches to BCM and its advisors • Proposals may result in a change of control for BCM • Directors may put proposal to shareholders but under no obligation to act on, or accept, any proposal • UBS and Babcock & Brown appointed as advisors
Approaches to date	• Non-binding, highly conditional proposal for BCM received from LIT • Directors do not consider the LIT proposal to be in the best interest of BCM shareholders

BOARD & MANAGEMENT CHANGES

Board	• Babcock & Brown to nominate one director to the BCM Board should internalisation be approved by shareholders • Current Board composition being reviewed with the view to add up to three suitably qualified additional Board members
Management	• Search firm engaged to identify a suitable CEO candidate • CEO appointment to be effective regardless of termination of Management Agreement (if voted against will be B&B employee) • Should BCM management be internalised, Babcock & Brown will continue to provide shared support services under the direction of the BCM CEO and Directors until 30 April 2010, or such earlier date as there is a change of control of BCM or as terminated by either party upon two months notice

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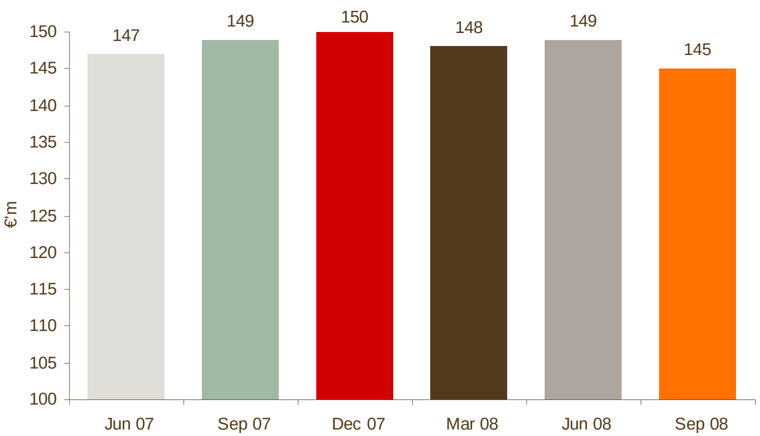
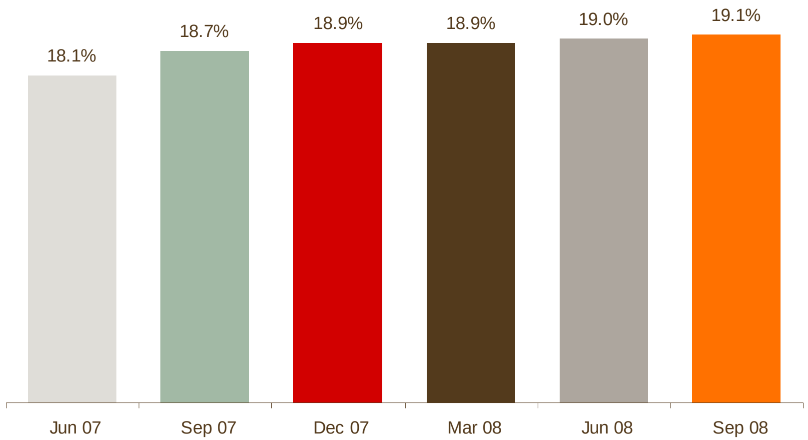
EIRCOM – INVESTMENT SCORECARD

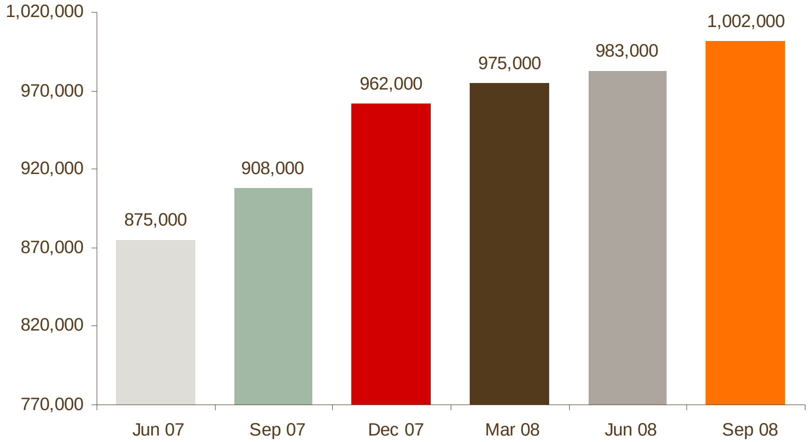
FIXED LINE – Actual EBITDA[1] per quarter
KPI: Maintain Fixed Line EBITDA at ~€150m per qtr, ~€600m p.a.



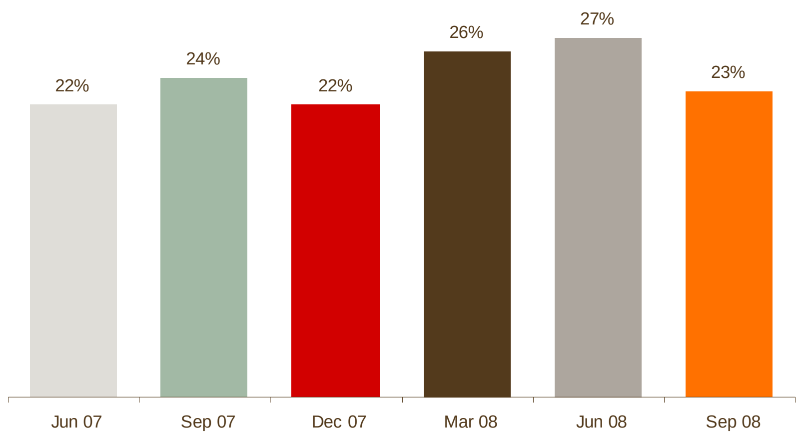
MOBILE – Actual Subscriber Market Share per quarter[2]
KPI: Attain historical European average 3rd player market share of 20%[4]



MOBILE – Actual Subscribers per quarter[2]
KPI: Grow mobile phone subscribers



MOBILE – Actual EBITDA Margin % per quarter[3]
KPI: Attain historical European average 3rd player EBITDA margin of 30%[4]



1 Pre: MASTCo sale, management fee, fair value adjustments and restructuring costs and management incentive costs
2 Source: ComReg quarterly reports and company estimates. December 2007 number has been adjusted to include mobile broadband estimates
3 Before management incentive costs
4 JP Morgan

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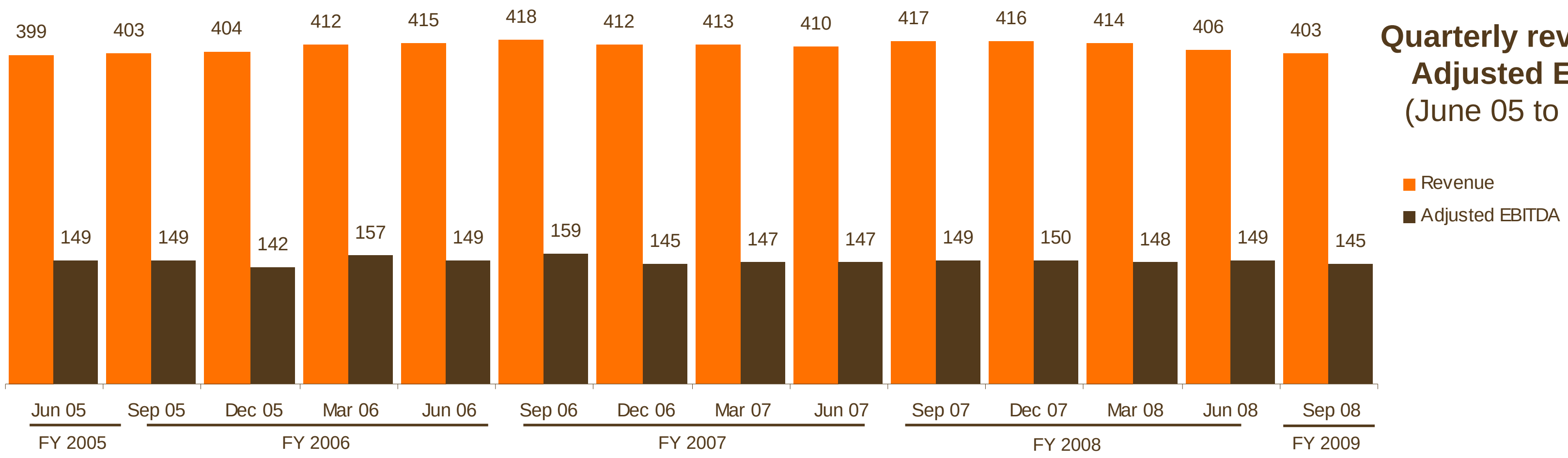
EIRCOM – FIXED LINE

- €145m of EBITDA[1] decreased 3% on the September 2007 quarter due to deteriorating economic conditions resulting in reduced revenues
- Revenue of €403m vs €417m for September 2007 quarter attributed to pressure on voice and data traffic
- Winback for the quarter to September 2008 decreased to 54% from 65% in the preceding quarter due to increased competitor activity, particularly in broadband
- Increased focus on cost control across the group
- Investment in the fixed network continues with a focus on increasing capacity, broadband roll-out, demand-led growth and Next Generation Networks (NGN) developments



Quarterly revenue and Adjusted EBITDA[1]
(June 05 to Sept 08)

Source: eircom annual and interim reports
1 Pre: MASTCo sale, management fee, fair value adjustments and restructuring costs and management incentive costs

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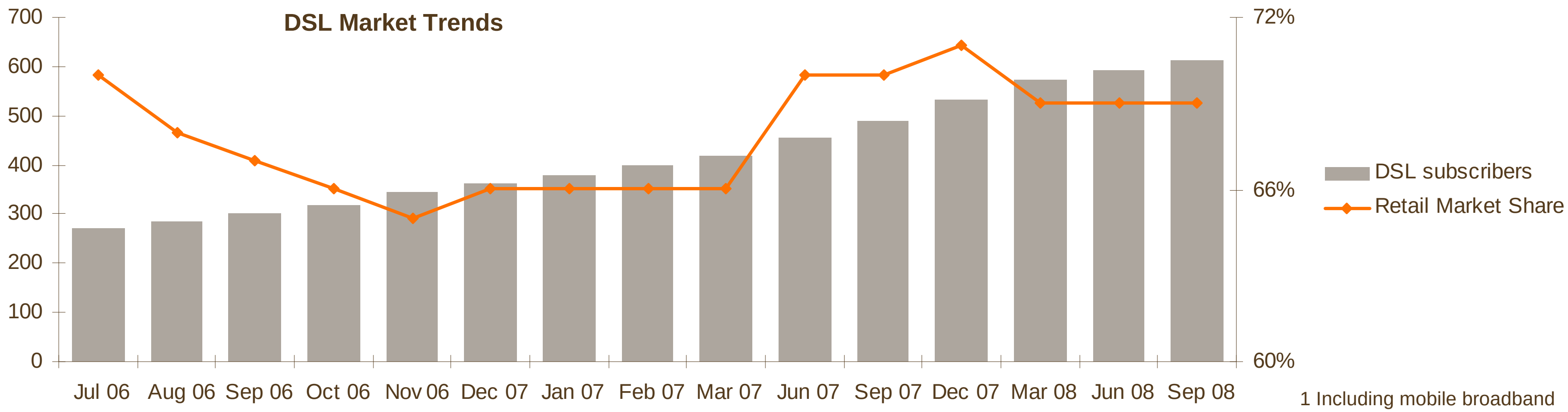
EIRCOM - FIXED LINE continued

Broadband

- Broadband revenues of €42m for the quarter, up 20% on prior year as a result of increasing subscriber base
- Rate of broadband growth is slowing as a result of increased competition, particularly from mobile broadband offerings
- eircom planning to increase bundled offerings to counteract competitive pressures
- Broadband rollout – a total of 625 exchange sites enabled as at 30 September 2008, connecting more than [1.4m] lines pre-qualifying for broadband
- 21,000 net DSL customer adds during the quarter resulting in 614,000 total subscribers at 30 September 2008 a 25% increase year on year as rollout of broadband continues
- eircom has a retail share of total DSL market (retail, bitstream, LLU) of 69% and total broadband market share (both Wholesale and Retail and excluding LLU) of 53%[1]

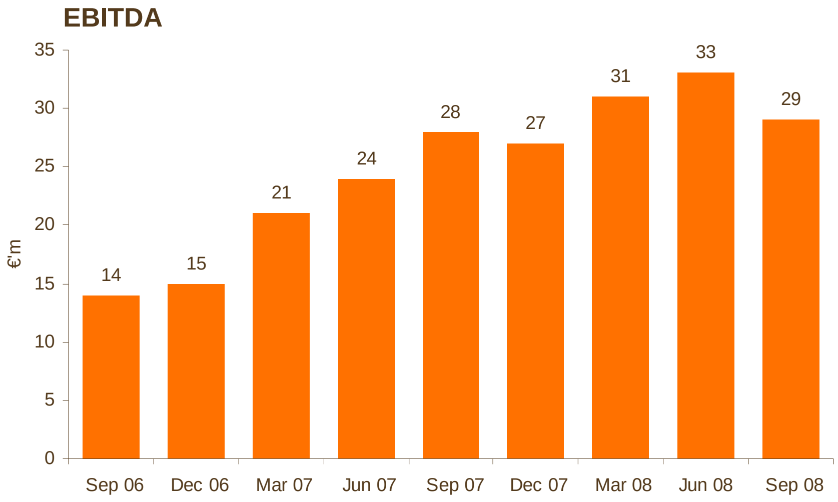


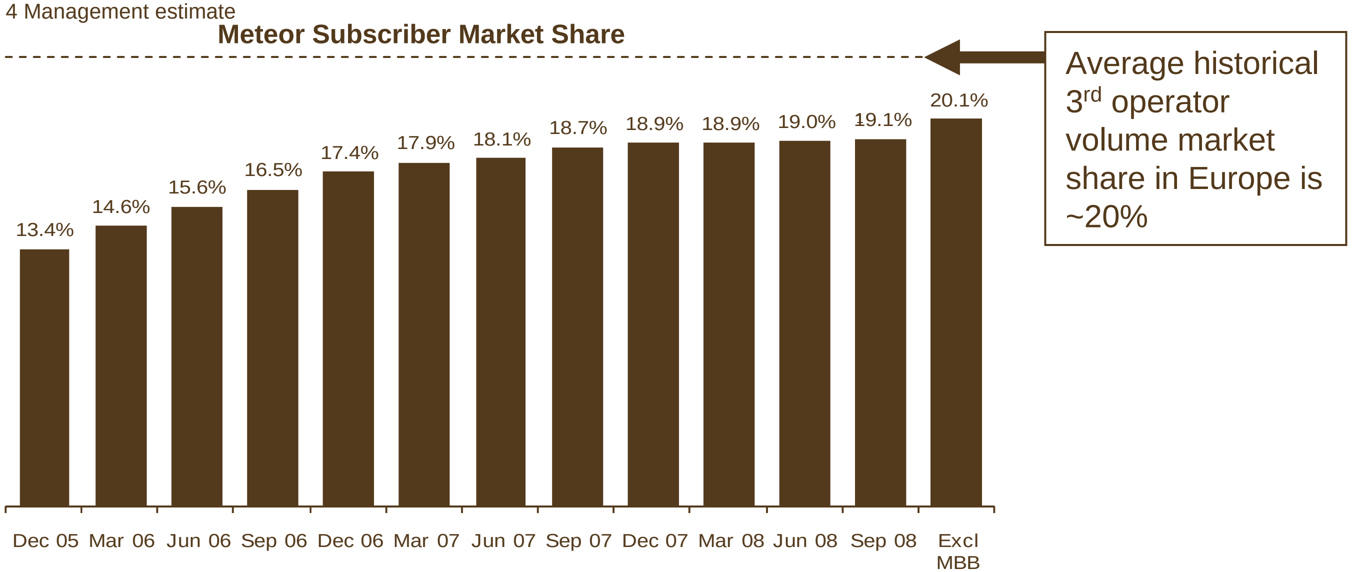
1 Including mobile broadband

EIRCOM - METEOR

- EBITDA[1] of €29m for the Sept 2008 quarter, a 4% increase on the Sept 2007 quarter
- Revenue of €126m for the Sept 2008 quarter up 9% on €116 for the Sept 2007 quarter
- Increase in Meteor market share to 19.1% from 18.7% in Sept 2007[2] (market share excluding mobile broadband is over 20%)
- Irish mobile market penetration rate at 120% up from 119% over the previous quarter[3]
- Irish mobile market growth has slowed as a result of slowing economy and high penetration levels – subscriber market increased by c7% in the year to Sept 2008, with the Group taking c30% of net adds[4]

1 Pre management incentive costs
2 Source: ComReg quarterly reports and company estimates
3 ComReg Quarterly report [Sept] 2008 – position as at June 2008
4 Management estimate





Key market share drivers

- Value positioning
- Strong distribution
- Effective marketing

Source: ComReg and company estimates for market share, December 2007 number has been adjusted to include broadband mobile estimates. JPMorgan for average 3rd operator market share

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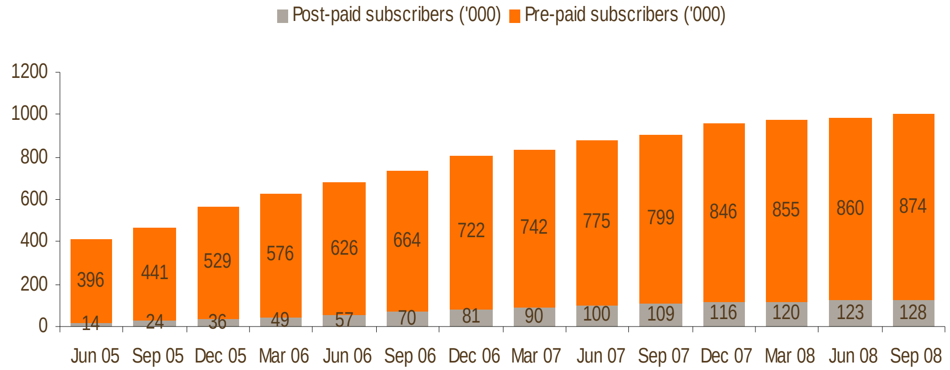
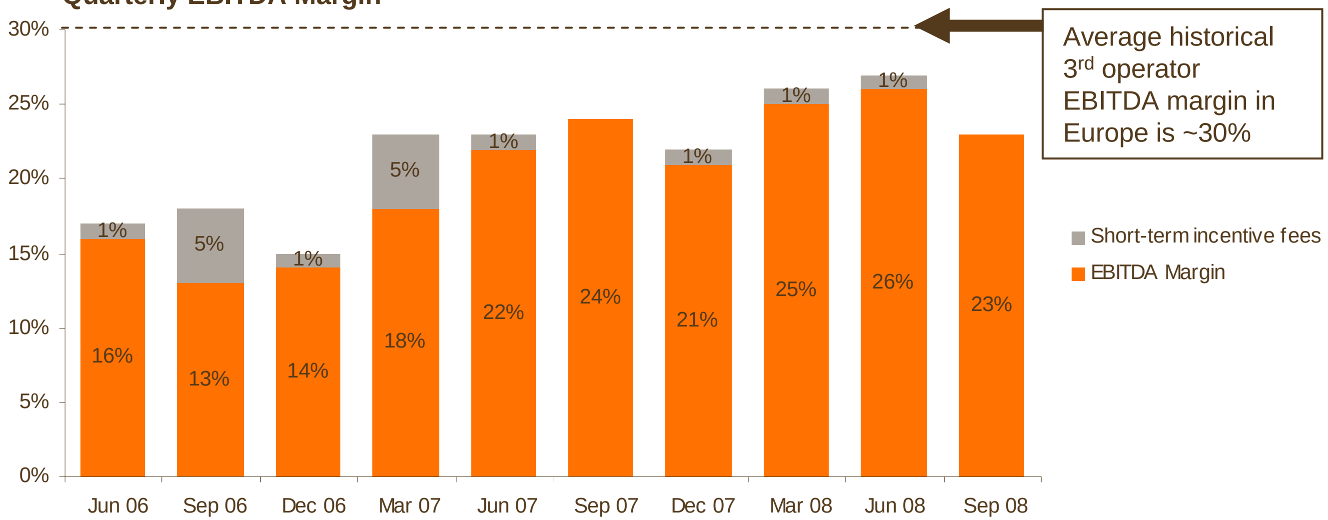
EIRCOM – METEOR continued

- EBITDA margin for the Sept 2008 quarter of 23% down from 24% in the Sept 2007 quarter due to increased cost of customer acquisition and retention including additional marketing spend
- 10% increase in the number of net subscribers from 908,000 to 1,002,000 year on year
  - post-paid increased to 13% of the total base (Sept 2007 – 12%)
  - a 17% increase in post-paid customers on Sept 2007
- Blended monthly ARPU of €39.05 – a 2% decrease on Sept 2007, attributable to softening usage and increased competitive offerings



Source: eircom management results

Quarterly EBITDA Margin



Source: eircom management results, JPMorgan for average 3rd operator margin
* incentive fee costs are highlighted separately

Key value drivers

- Value positioning
- Strong distribution
- Distinctive marketing
- Network enhancement; launch of 3G in February 2009
- Protect ARPU while growing market share (ARPU €39.05 v. €40 a year ago).
- Compelling new offerings launched (July '08)

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EIRCOM – KEY UPDATES

Mobile

3G	• Accomplished 33% population coverage by 30 September 2008 • Commercial launch anticipated in early 2009

Broadband

Broadband Rollout	• Extended broadband rollout plan to 917 exchanges underway – 625 sites enabled as at 30 September 2008, connecting more than 1.4m lines pre-qualifying for broadband • Speed upgrades being rolled out • Broadband penetration in Ireland, including mobile broadband now estimated at 27.7% (Company estimate)

Fixed Line

Voice	• Introduction of call set-up charges from 2 September 2008, positive impact on revenue • New bundled offerings from October

Regulatory

Line Shares	• ComReg set aside its decision to reduce monthly rental to €2.94 in August 2008, leaving monthly line rental at €8.41 • ComReg will conduct a further pricing review in the near future
LLU	• Comreg conducting review of current €16.43 price per month; intended to be completed by November 2008, however has been delayed until 2009

General

Restructuring Program	• On track for 900 FTE reduction by 2010
Real Estate Development	• Net c.€50m cash received in July 2008 in respect of new office building • Working to 3-year disposal plan

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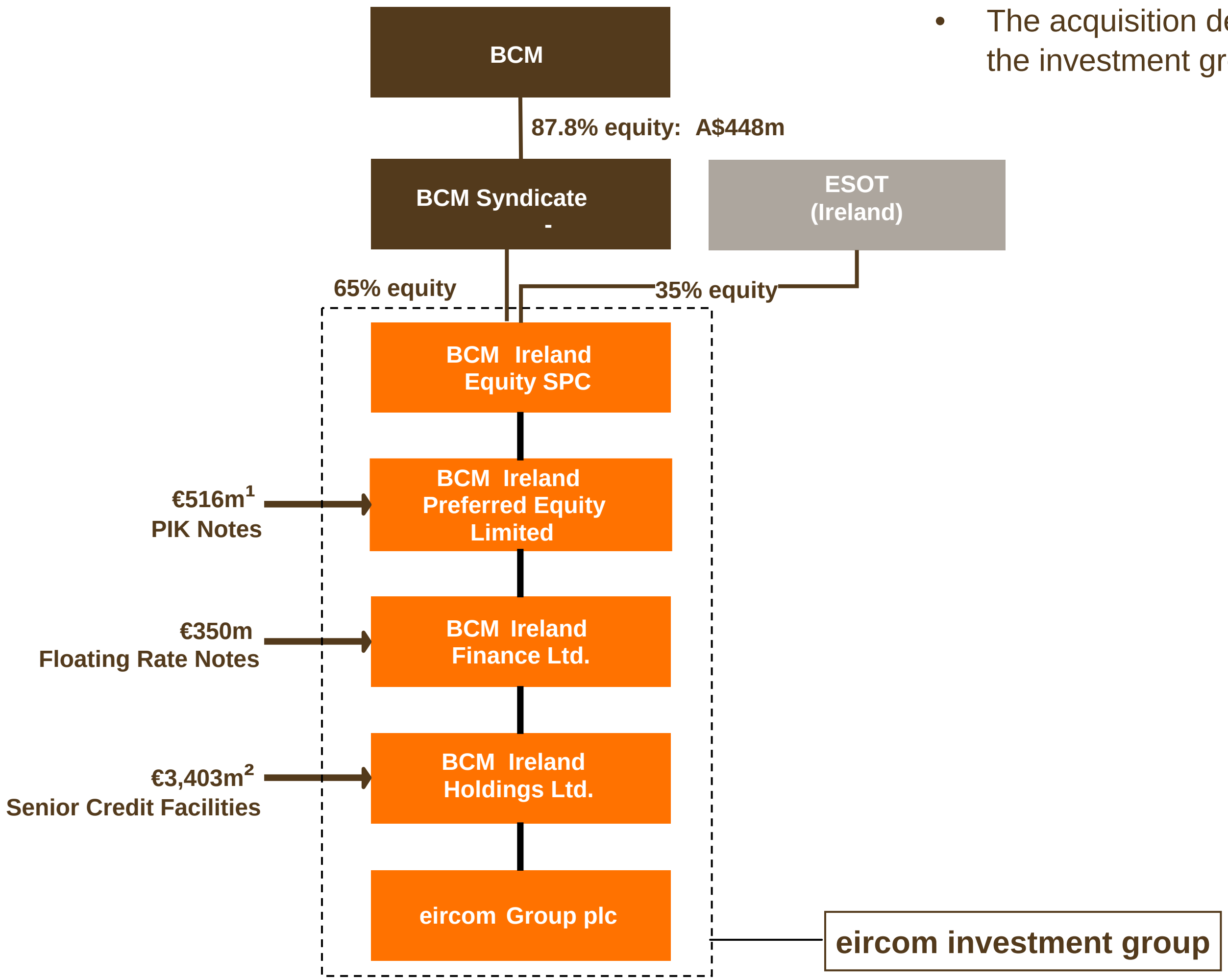
EIRCOM - CORPORATE DEBT STRUCTURE



- The acquisition debt raised to acquire eircom is located at the investment group level and is non-recourse to BCM

[1] Includes capitalised interest

[2] A total of €97m loan principal repaid to end September 2008, a further €111m repaid in November re annual cash sweep. Initial draw down €3,500m.

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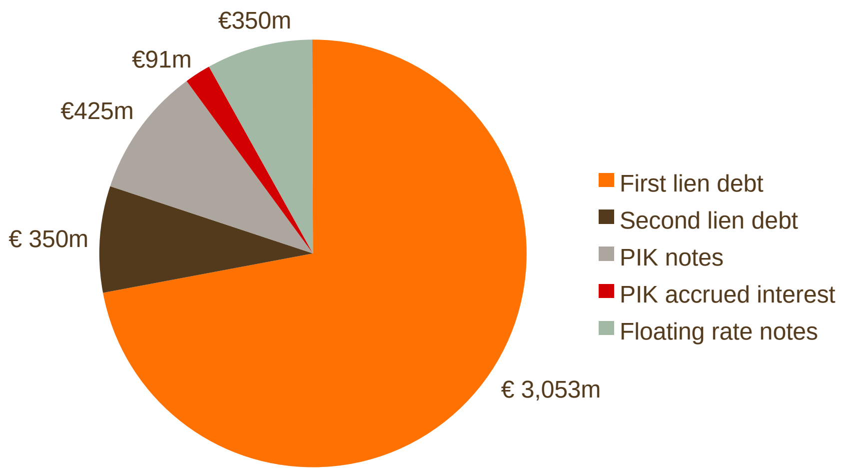
EIRCOM – CORPORATE DEBT PROFILE AT 30 SEPT 2008

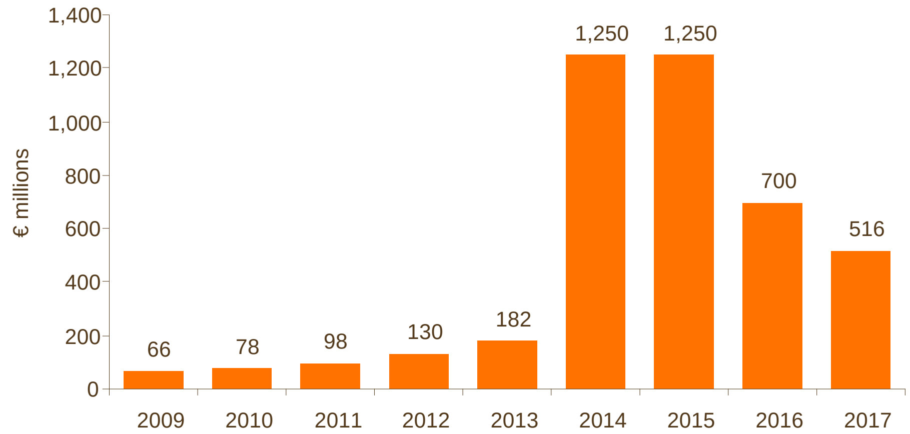
Facility



- All eircom debt is non-recourse to BCM
- Bulk of debt repayable from September 2014
- eircom's weighted average cost of cash pay debt is ~6.3%
- eircom continues to meet its quarterly covenants
- Internalisation does not cause a change of control in eircom debt.

- eircom has total cash-pay debt of €3.75bn
- PIK notes of €425m with €91m accrued interest issued on new notes
- eircom has cash of €308m at 30 September 2008, after payment of half year interest and loan capital in September
- eircom has a c. €52m revolving credit facility available to draw on
- Interest rate swaps in place for over €3bn (~80% of total cash pay debt) with ~80% hedged for the next two years which reduces to ~60% for years three and four

Redemption Profile (incl principal amortisation)[1]



1 Worked on calendar year, before impact of prepayment in November. Tranche A debt of €553m is an amortising loan with a maturity date of 2013

Includes PIK debt value as at September 08

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EIRCOM - CORPORATE DEBT STRUCTURE AT 30 SEPT 2008

Facility	Amount (EUR m)	Maturity	Repayment	Margin (bps)
Tranche A	553[1]	Sep 2013	Amortising	E + 175
Tranche B	1,250	Sep 2014	Bullet	E + 187.5
Tranche C	1,250	Sep 2015	Bullet	E + 212.5
Total First Lien Debt	**3,053[2]**			
Second Lien Debt	350	Mar 2016	Bullet	E + 425
Total Senior Debt	**3,403**			
Floating Rate Notes	350	Sep 2016	Bullet	E + 500
Total Cash Pay Debt	**3,753**			
PIK Notes[3]	516	Feb 2017	Bullet	E + 700
Total Debt	**4,269**			
Cash	(308)			
Net Debt	**3,961**			

All debt is non-recourse.
1 Initial draw down €650m.
2 A further €111m repaid in November 2008
3 Includes capitalised interest on initial face value of €425m

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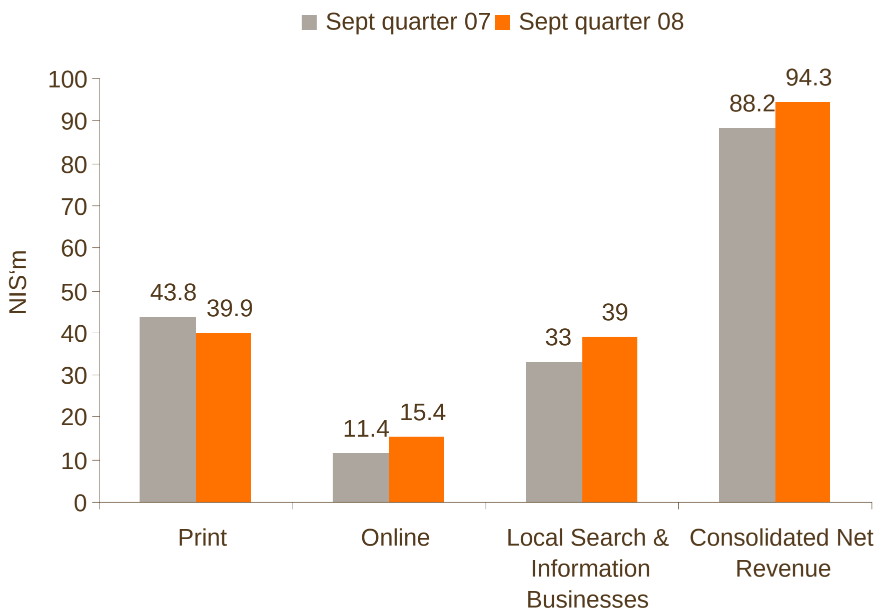
GOLDEN PAGES – QUARTERLY OPERATIONAL UPDATE

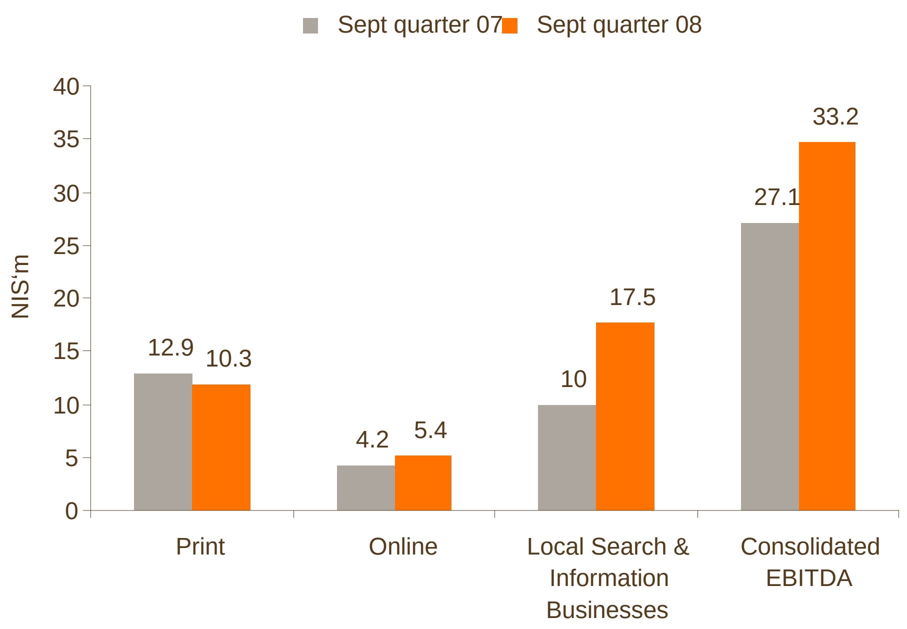
Net Revenue

7% increase in consolidated net revenue[1]

- 35% increase in online revenue offset 10% decline in print revenue. Overall Golden Pages revenues remain consistent with last year with expectation of further migration to online in the coming quarters
- 18% increase in Local Search & Information businesses largely attributed to strong growth in these businesses and integration benefits gained from leveraging the Golden Pages Group



1 Michatnim, Weekend and Doctors businesses acquired in September 2007



23% increase in consolidated EBITDA

- Increase in Online EBITDA[1] partially offsets decline in Print. Overall Golden Pages remains steady
- 75% growth in Local Search & Information Businesses primarily as a result of significant performance improvements, particularly in Dun & Bradstreet. Other internet businesses have experienced rapid growth off a small base

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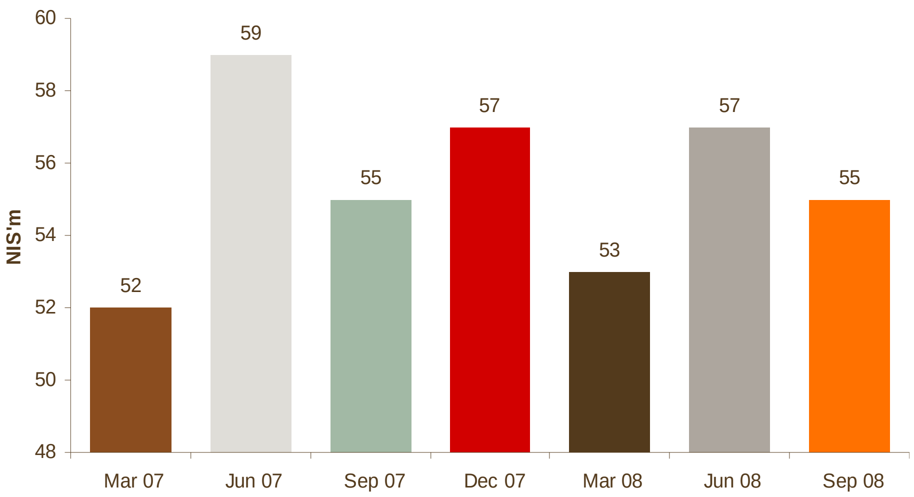
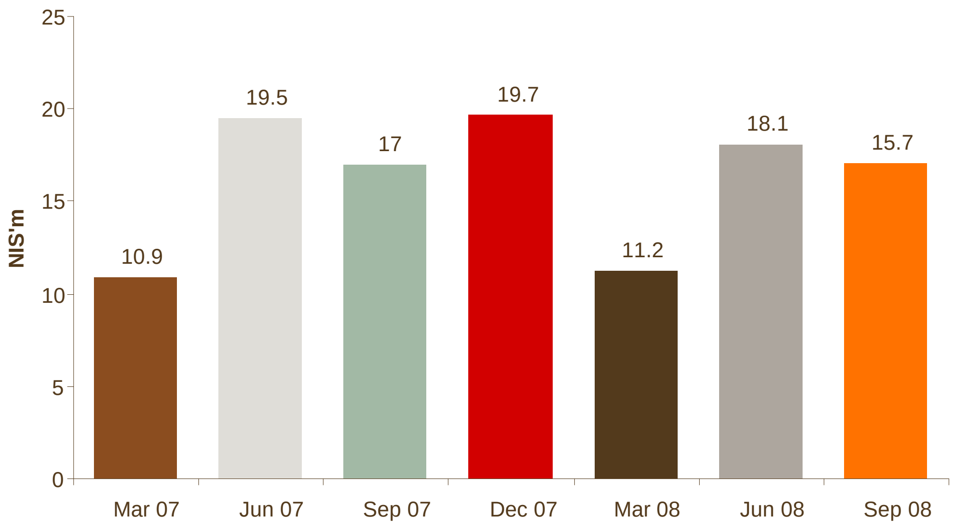
GOLDEN PAGES – PRINT & ONLINE
Quarterly Investment Scorecard

Net Revenue per quarter



EBITDA per quarter



- Revenue for September 2008 quarter flat on September 2007 quarter
- Revenue and EBITDA affected by reduction in Tel Aviv summer canvass

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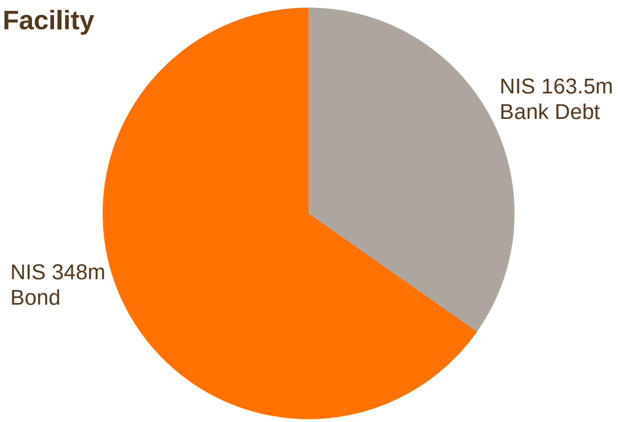
GOLDEN PAGES – CORPORATE DEBT PROFILE AT 30 SEPT 2008

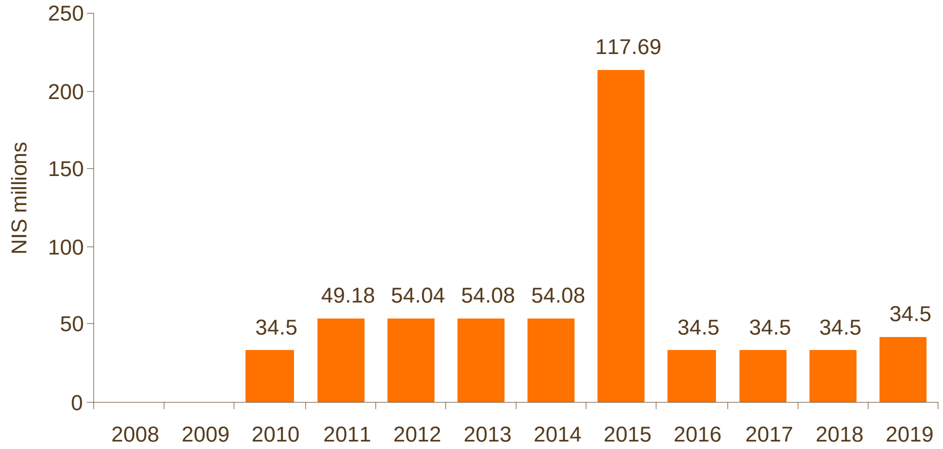
Facility



- Long dated debt profile with weighted average term of 7 years
- Continues to meet its quarterly covenants on cash and interest cover, and senior and total leverage
- Internalisation of management may require the consent of the bank and a renegotiation of GPM's bank debt. This will not result in any change in the position of the GPM bonds
- GPM have received confirmation from the Trustee that the general meeting of bondholders will NOT be convened

- GP has total fixed debt facility of NIS 511.5m
- Interest rate dependent on CPI – current weighted average cost of debt is ~5.8% + CPI
- Given current CPI in Israel, subsequent to 30 June 2008, BCM remitted NIS156 million (A$50 million) to GPM to repay existing debt facilities.
- Repayment returns to BCM's investment to its original point at approx A$152m (originally A$150m)

Redemption Profile*



* Worked on calendar year. Excludes working capital facility. Figures are after repayment of NIS150 million in debt.

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GOLDEN PAGES – CORPORATE DEBT STRUCTURE AT 30 SEPT 2008

Capital	Sept 08 (NIS'm)	Maturity	Repayment	Interest Rate (%)[1]
Working Capital	7	Feb 2015	Bullet	Prime +0.05 (eff 4.4)
Facility A	156.5	Feb 2015[3]	Partial Bullet	WRI+1.85% (eff 6.15)[2]
Facility B	0	Feb 2015[3]	Partial Bullet	WRI+1.6% (eff 5.75)[2]
Bank Debt	**163.5**			
Bond	348	Apr 2019	Amortising from 2010	5.65[4]
Total Debt	**511.5**			
Credit Line C (Currently undrawn)	150	Up to Feb 2015	Bullet	WRI+1.85% (eff 6.00)[2]

All debt is non-recourse. All debt is held within the GPM Group

1 Fixed Rate Facilities and bond, CPI linked

2 Rates set using 3 month MAKAM (@ 4.15%) on 20 February 2008

3. Three year grace, 50% Bullet loan

4. Margin reduction of 0.65% on listing, potential 0.5% margin increase if rating decreased due to refinancing

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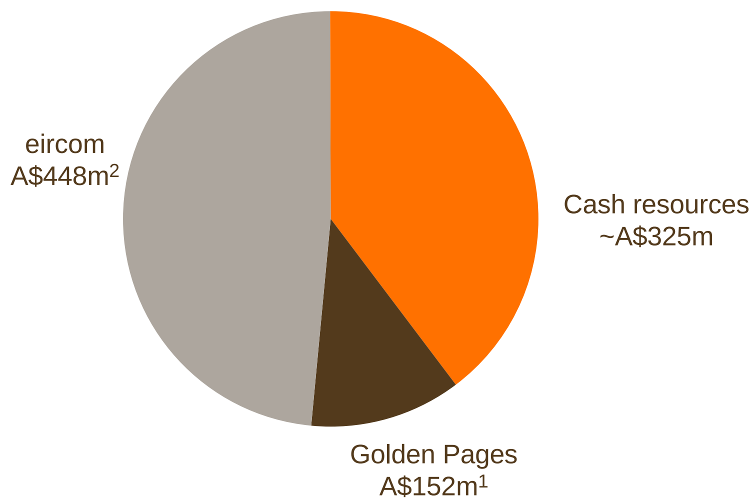
PORTFOLIO

eircom	• Ireland's largest provider of fixed line wholesale and retail telecommunication services with rapidly growing share of mobile business • Acquired 57.1% in August 2006 representing equity investment of A$448m (for total enterprise value of ~A$8bn)
Golden Pages	• Israel's leading directories business with portfolio of complementary directory and search businesses • Acquired 100% for an equity investment of A$150m (total EV of A$248m) • Current equity investment A$152m
Cash Resources	• A$325m in cash at 26 November 2008

PORTFOLIO AS AT 26 NOVEMBER 2008 (167.9m shares on issue)



[1] Equity amount invested following refinance
[2] Equity amount invested

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