

Babcock & Brown Capital General Meeting

27 April 2009

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INTRODUCTION

Kerry Roxburgh	Independent Chairman
Andrew Day	Chief Executive Officer & Executive Director
Greg Clark	Non Executive Director
Andrew Love	Non Executive Director
Haydn Vella	Chief Financial Officer
Frank Giordano	Company Secretary

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MANAGEMENT INTERNALISATION PROPOSAL

Background	<ul style="list-style-type: none">• Agreement reached with Babcock & Brown for consideration of one-off payment of A\$5 million• Funded from BCM's existing cash reserves• Independent Expert concluded that in best interests of Shareholders
Rationale	<ul style="list-style-type: none">• Shareholder desire for an independent BCM, whose management is no longer outsourced• BCM becomes stand-alone entity, separated from Babcock & Brown• No longer required to seek the "manager's recommendation"• No longer liable to pay management or performance fees• No longer subject to Advisory Agreement with Babcock & Brown• Clears the way for proposals to be developed that may lead to a change in control• Independently able to determine the future direction and strategy of the Company
Proposed New Management Structure	<ul style="list-style-type: none">• BCM to be managed by small executive team directly employed by the Company and under direction of the CEO, responsible to the Board• Termination of the Management Agreement does not trigger any default or a change of control provisions in eircom debt facilities• Proposed change of name to eircom Holdings Limited (ASX ticker ERC)

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STRATEGIC UPDATE: OBJECTIVES

Key Objective	<ul style="list-style-type: none">• Maximise value for BCM Shareholders
Key Priorities	<ul style="list-style-type: none">• Bring to an end the current outsourced management arrangements that have failed so far to deliver value to Shareholders• At eircom, to restore the company's tarnished reputation and its relationship with eircom stakeholders (including the eircom Board, its employee share ownership trust known as the ESOT, employee unions, the regulator and the Irish Government)• To finalise its search for a new eircom CEO and to constructively address its operational performance issues• To realise the Golden Pages investment• to return surplus capital to Shareholders• To develop a proposal for Shareholder consideration involving a change of control of BCM that reflects appropriate value for BCM's controlling stake in eircom, in excess of BCM's cash backing of approximately \$1.05 per share

STRATEGIC UPDATE: REVIEW PROCESS

Overview

- Initiated process for the sale of Golden Pages – discussions with bondholders and potential acquirers ongoing
- Proposals received from 3rd parties who have expressed interest in the potential acquisition of BCM

Process

- Several incomplete and confidential proposals received from international and strategic groups
- A number of groups have been invited to conduct further due diligence on eircom and BCM, and have been provided access to a virtual dataroom for this purpose
- Process has support of ESOT and eircom management
- Board requires any proposal involving change of control of BCM needs to reflect appropriate value for BCM's controlling stake in eircom, in excess of BCM's cash backing of approximately A\$1.05 (unaudited) per share
- Proposals received to date are non-binding, incomplete and with exception of TaemasBridge proposal, confidential
- No assurance can be given that a change of control transaction will eventuate from Review Process or any Proposal, but Board remains committed to exploring proposals in best interests of all Shareholders
- Aim to have proposal for Shareholders to consider by 30 June 2009
- If no change of control proposal for BCM has been announced before 30 June 2009, subject to capital markets conditions, objective will be to pursue a restructure of BCM's interest in eircom to establish more sustainable capital structure for eircom, simplify ownership structure and replace current constraints contained in the eircom shareholder agreement with improved governance and performance accountability arrangements

STRATEGIC UPDATE: CAPITAL MANAGEMENT INITIATIVE

Liquid Asset Position

- Approximately A\$175 million (equivalent to ~\$1.05 (unaudited) per BCM share)
- After taking into account:
 - the recent capital return of \$100.7 million;
 - the net effect of \$42 million cost of the closing out BCM's derivative position; and
 - the proposed \$5 million one-off payment to terminate the existing outsourced Management Agreement

Investment Reserves

- If no suitable change of control proposal announced before 30 June 2009, Board intends to return approximately A\$135 million (A\$0.80 per BCM share) dependent on available cash, receivables and known liabilities
- ~ A\$40 million to be retained as prudent reserve
- Shareholder meeting to be convened in July 2009 to consider second capital return
- Return of capital plan brought forward if Board considers Review Process unlikely to lead to change of control proposal before 30 June 2009

STRATEGIC UPDATE: SALE OF GOLDEN PAGES

Sale Process	<ul style="list-style-type: none">• Discussions with bondholders and various parties continue• By 30 June 2009, BCM to be advanced in strategy to dispose of 100% of its investment in Golden Pages• No further equity will be invested in Golden Pages and BCM's capital management proposal reflects this position
Bondholders	<ul style="list-style-type: none">• Bondholders have agreed to waive any debt covenant breach for three months while a restructuring with potential buyers is negotiated• Non-cash loss recorded at 31 December 2008 resulted in equity position falling below threshold required under the bond covenants

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TAEMASBRIDGE PROPOSAL

Board Considerations

- Clarification requested of the TaemasBridge proposal released to ASX on 16 April 2009
- Proposal will be considered, however a number of elements are viewed as unacceptable in current form, including requirement that BCM lends to Liffey Bridge most of the cash consideration that is to be provided under the proposal
- TaemasBridge proposal does not change Board recommendation that Shareholders vote in favour of the Management Internalisation Proposal
- TaemasBridge proposal is independent of the outcome of Management Internalisation

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ORDINARY BUSINESS

RESOLUTION 1 – TERMINATION OF THE MANAGEMENT AGREEMENT

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

“That the Company be authorised to:

- termination the Management Agreement between the Company, Babcock & Brown Capital Management Pty Limited and Babcock & Brown Securities Pty Limited;
- terminate the Advisory Agreement between the Company and Babcock & Brown Australia Limited; and
- make a payment of \$5,000,000 to Babcock & Brown Capital Management Pty Limited,

in accordance with the terms of the Termination Agreement, a summary of which is set out in the accompanying Explanatory Statement.”

ORDINARY BUSINESS

RESOLUTION 2 – CHANGE OF NAME

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, subject to Resolution 1 being passed and for the purposes of section 157(1) of the Corporations Act and for all other purposes, the Company change its name to ‘eircom Holdings Limited’ and the Company’s Constitution be amended accordingly.”

ORDINARY BUSINESS

RESOLUTION 3 – ISSUE OF SHARE PERFORMANCE RIGHTS TO MR ANDREW DAY, EXECUTIVE DIRECTOR AND CEO

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of share performance rights to Mr Andrew Day, Executive Director and Chief Executive Officer of the Company, on the terms described in the Explanatory Statement.”

ORDINARY BUSINESS

RESOLUTION 4 – APPROVAL OF TERMINATION BENEFITS PAYABLE TO MR ANDREW DAY, EXECUTIVE DIRECTOR AND CEO

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

“That for the purposes of ASX Listing Rule 10.19 section 200E of the Corporations Act and for all other purposes, the Company approves the benefits which may become payable to Mr Andrew Day on termination of his employment in accordance with the Executive service Agreement as described in the Explanatory Statement.”

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