



eircom Main Superannuation Fund

Case Study (Part 2)

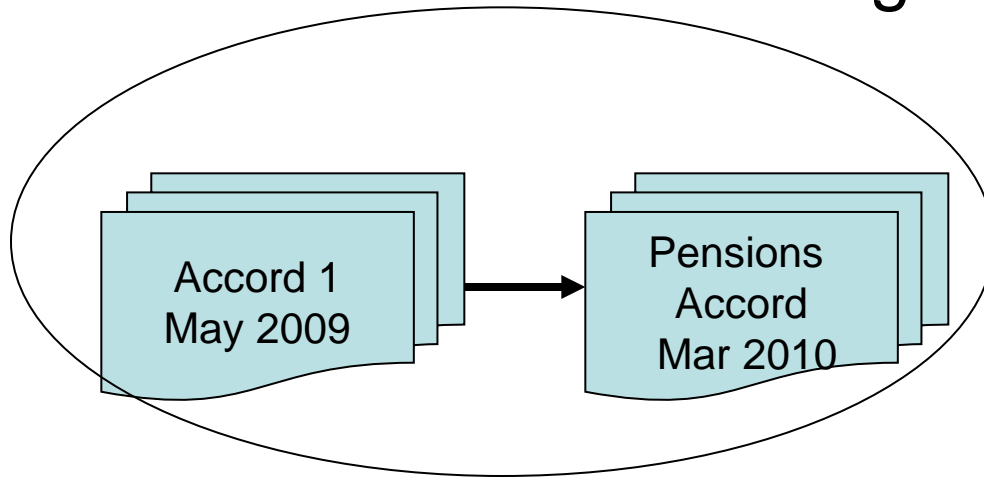
Fund De Risking



2010 Case Study

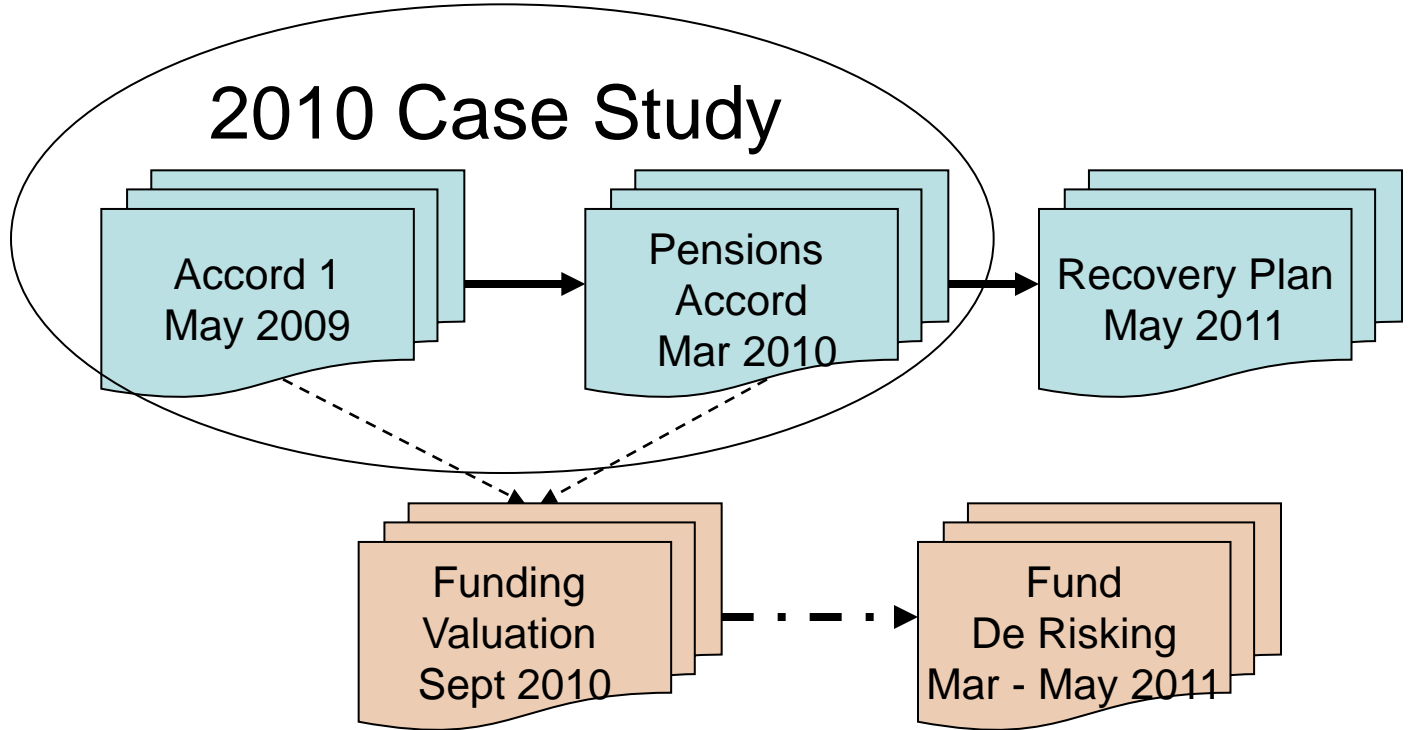
Deficit Remediation through Industrial Relations Agreement

Industrial Relations Agreements





2011 Update



Industrial Relations Agreements

Trustee Activity



Pension Impacts of IR

Industrial Relations Agreements

Accord 1
May 2009

Pensions Accord
Mar 2010

Recovery Plan
May 2011

Pension impacts

Pay freeze to June '11

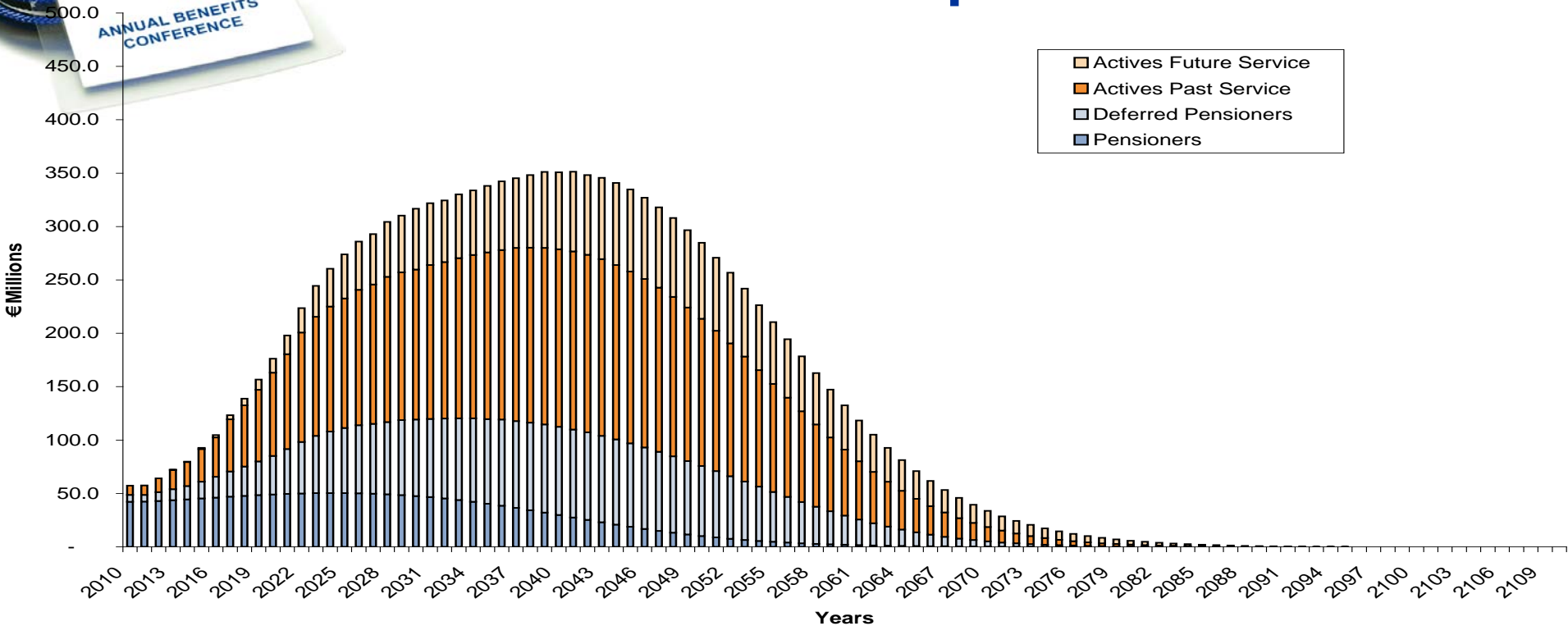
Pensionable Pay freeze to Dec '13 + Caps

Pay freeze to Dec '13 + reduced working time



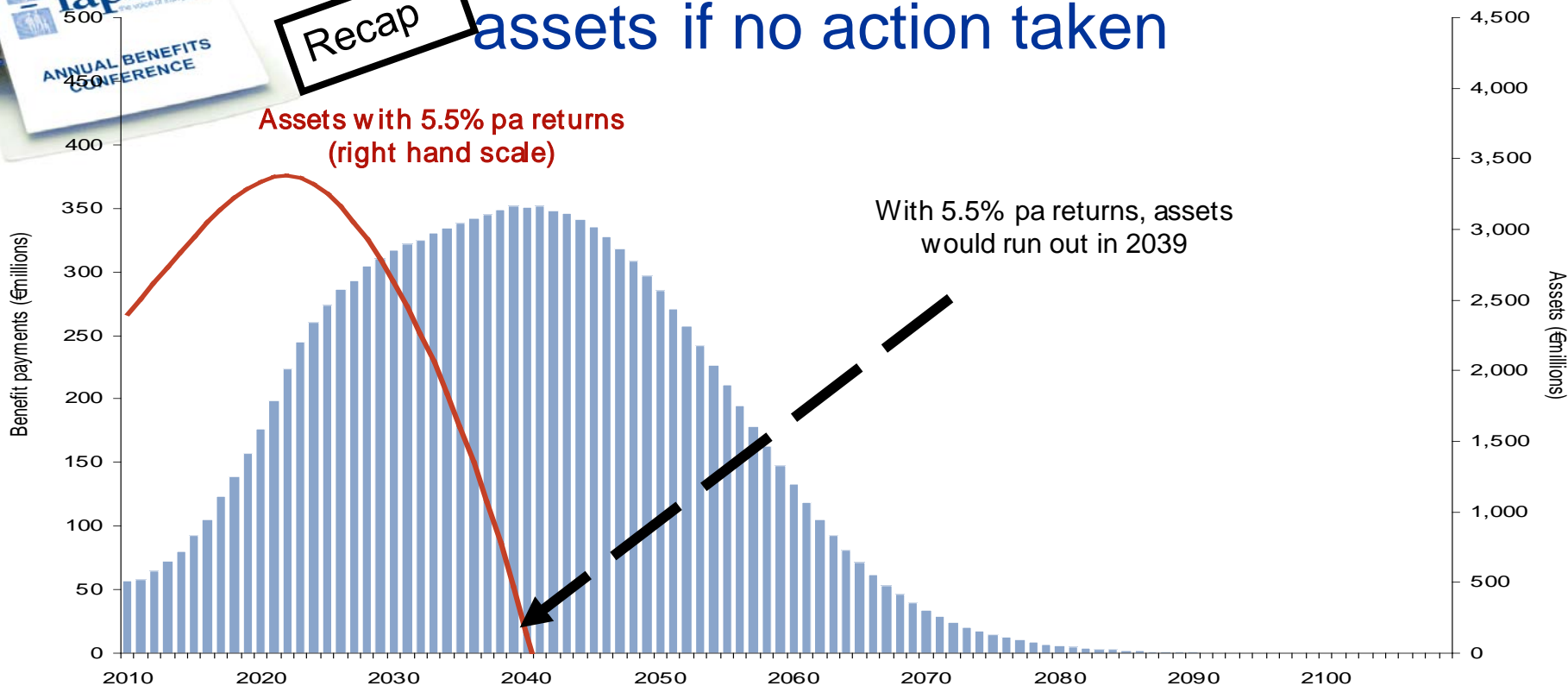
Recap

Cash flow profile



Potential significant future shortfall of assets if no action taken

Recap





Recap

IR Agreement (1)

- Formal closure of DB Scheme to new entrants
- Scheme remains open to future accrual for existing members
- No change to discretionary treatment of pensions in payment
- No increase in member contributions or Normal Retirement Age
- Company contribution for 3 years to Dec 2013 – floor of 8.5% pa or €20m pa – final outcome to be determined by Sept '10 Funding Valuation



Recap

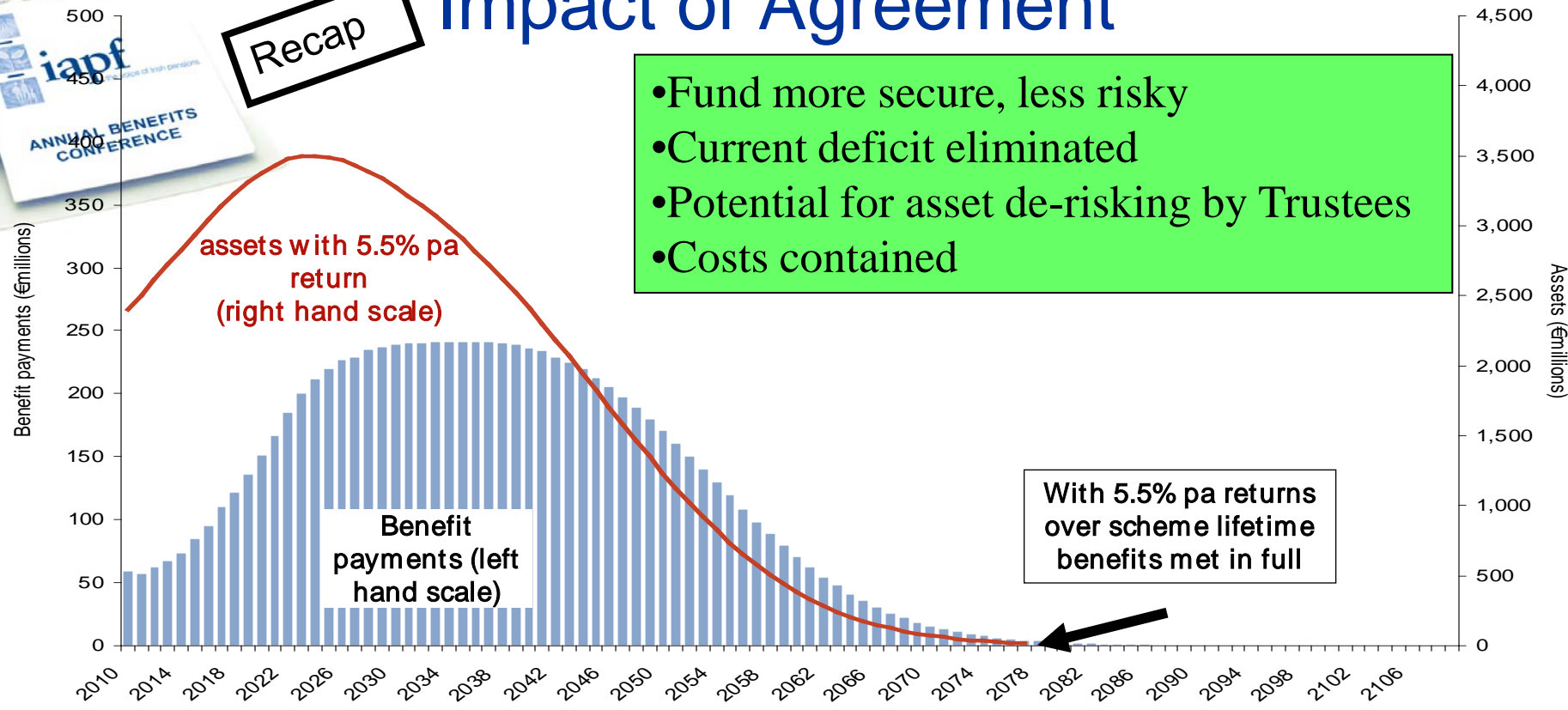
IR Agreement (2)

- Pensionable pay freeze to Dec 2013 (follows previously agreed pay freeze to June 2011)
- From Jan 2014 Cap on growth of pensionable pay at lowest of
 - actual pay increase or
 - annual rate of Consumer Price Index or
 - annual cap of (i) 4% for 2014,2015,2016,2017 (ii) 3.25% for 2018,2019,2020 and (iii) 2.5% thereafter

Impact of Agreement

Recap

- Fund more secure, less risky
- Current deficit eliminated
- Potential for asset de-risking by Trustees
- Costs contained





Funding Valuation Sept '10

- MFS – satisfied at Valuation date and at Fund Year end (31 Mar '11)
- Small Past Service Surplus on ongoing funding basis
- Increased provision for longevity + more conservative discount rate
- Future Funding rate set at 9.4% Employer + 6.8% Employee, subject to a floor on employer contribution of €20m pa for 3 years to 31 Dec 2013



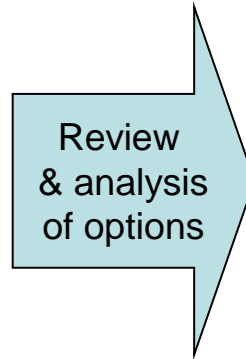
Fund De risking

- Trustee decision to De risk fund following elimination of deficit
- Trustee Investment Sub Committee formed a *Joint Working Group* with Company
- Joint review of de risking opportunity (NB investment strategy remains at all times decision and responsibility of full Trustee Board)



Fund De risking

- Maturity Profile of Fund
- Increasing uncertainties
 - Inflation
 - Market performance
 - Interest rates
 - longevity



- Trustees Decided to de risk to fullest extent possible consistent with Actuarial Valuation results
- Further de risking to be undertaken should market conditions permit



MAIN FUND SIPP

	Before De Risking	
	% Weight	
Equities	65%	
Property	5%	
Other	1%	
<i>Return Seeking Assets</i>		71%
Fixed Interest	25%	
Cash	4%	
<i>Liability Driven Investments</i>		29%
	100%	



MAIN FUND SIPP

	Before De Risking	After De Risking
	% Weight	% Weight
Equities	65%	35%
Property	5%	5%
Other	1%	1%
<i>Return Seeking Assets</i>	71%	41%
Fixed Interest	25%	57%
Cash	4%	2%
<i>Liability Driven Investments</i>	29%	59%
	100%	100%

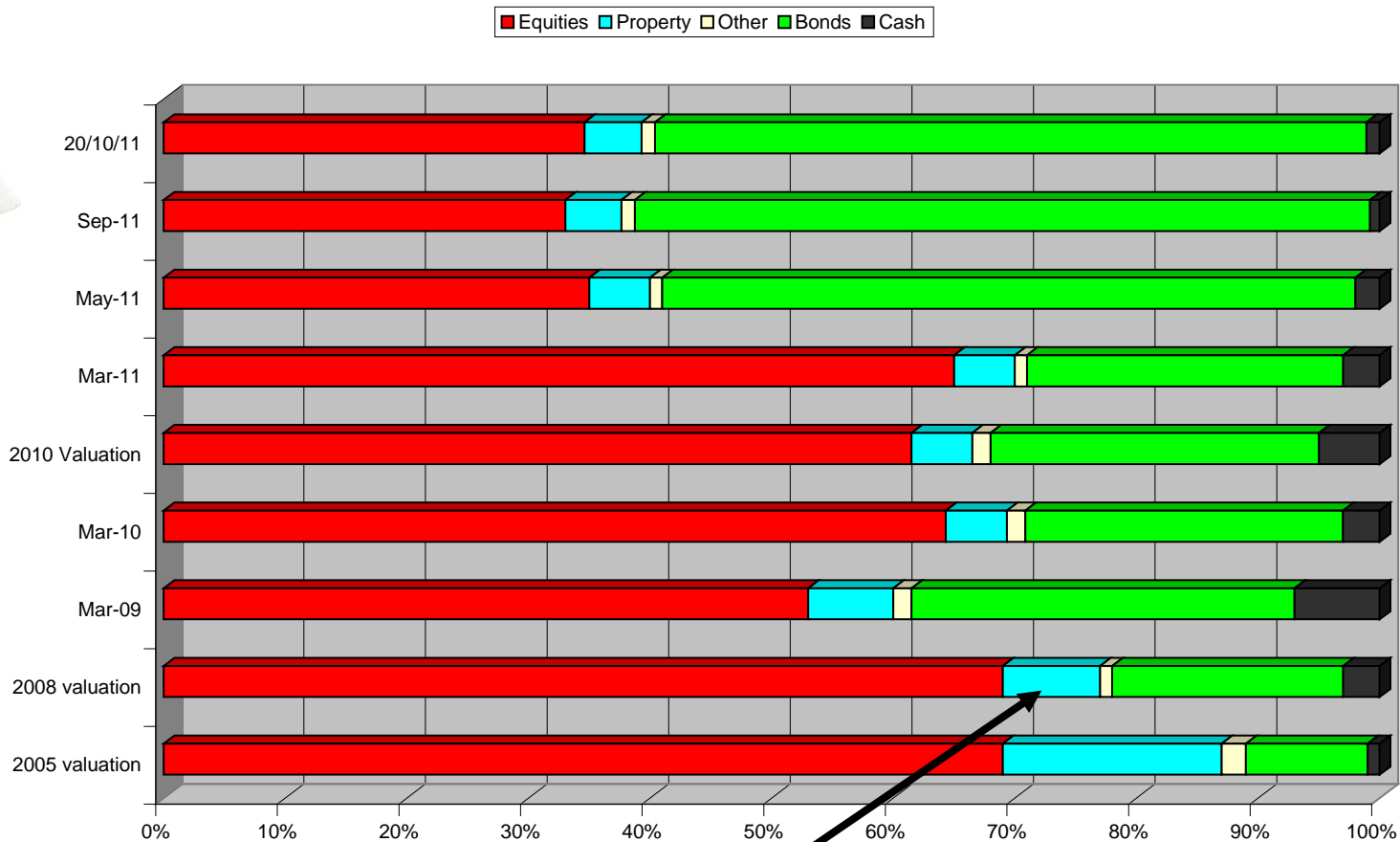
Implementation

March / April '11 = Sale of €840m Equities + €160m Bonds

May '11 = Purchase of €1bn Bonds



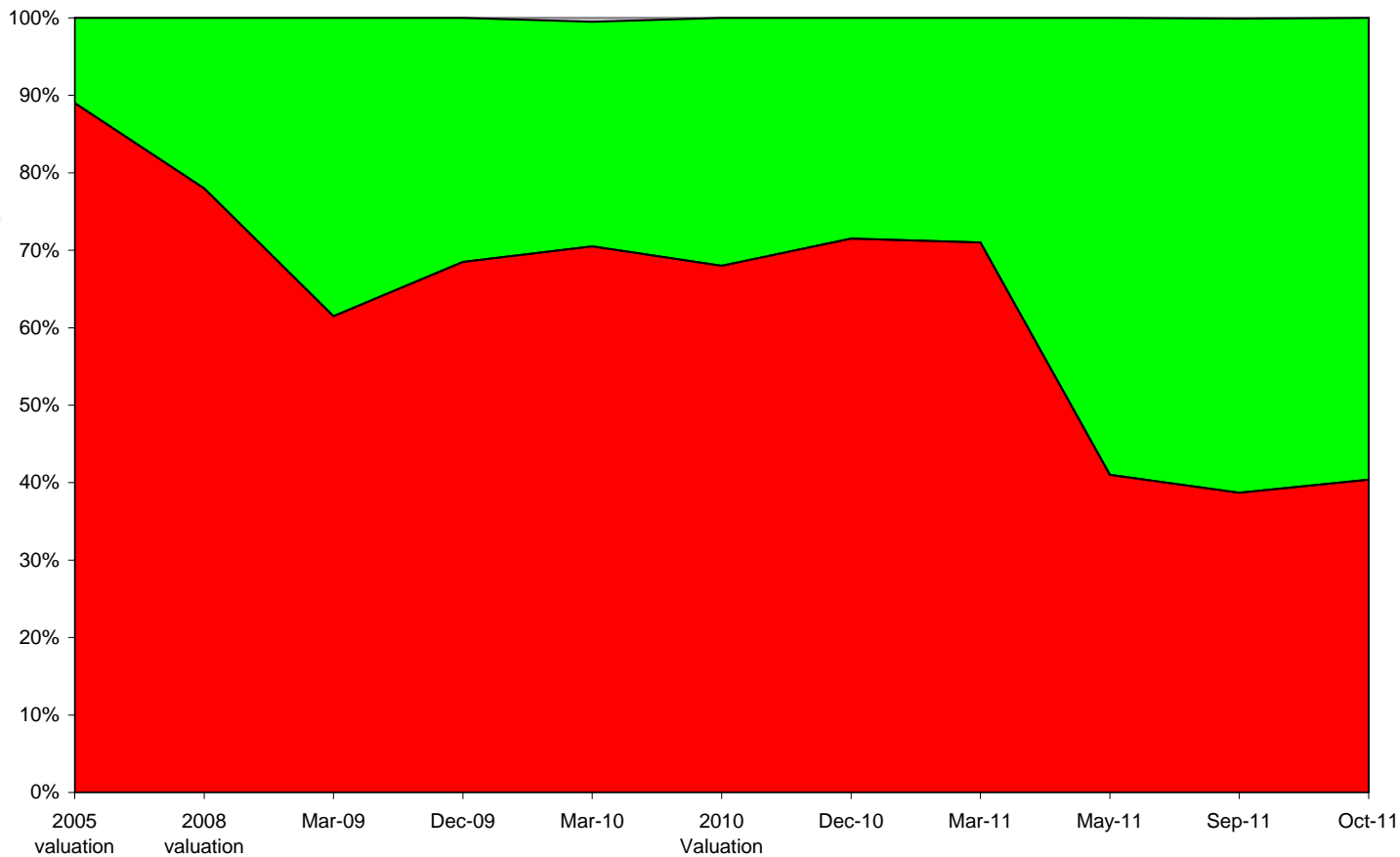
Asset Class Split



De risking started in 2007 – reduction in property exposure



Growth / Matching Mix

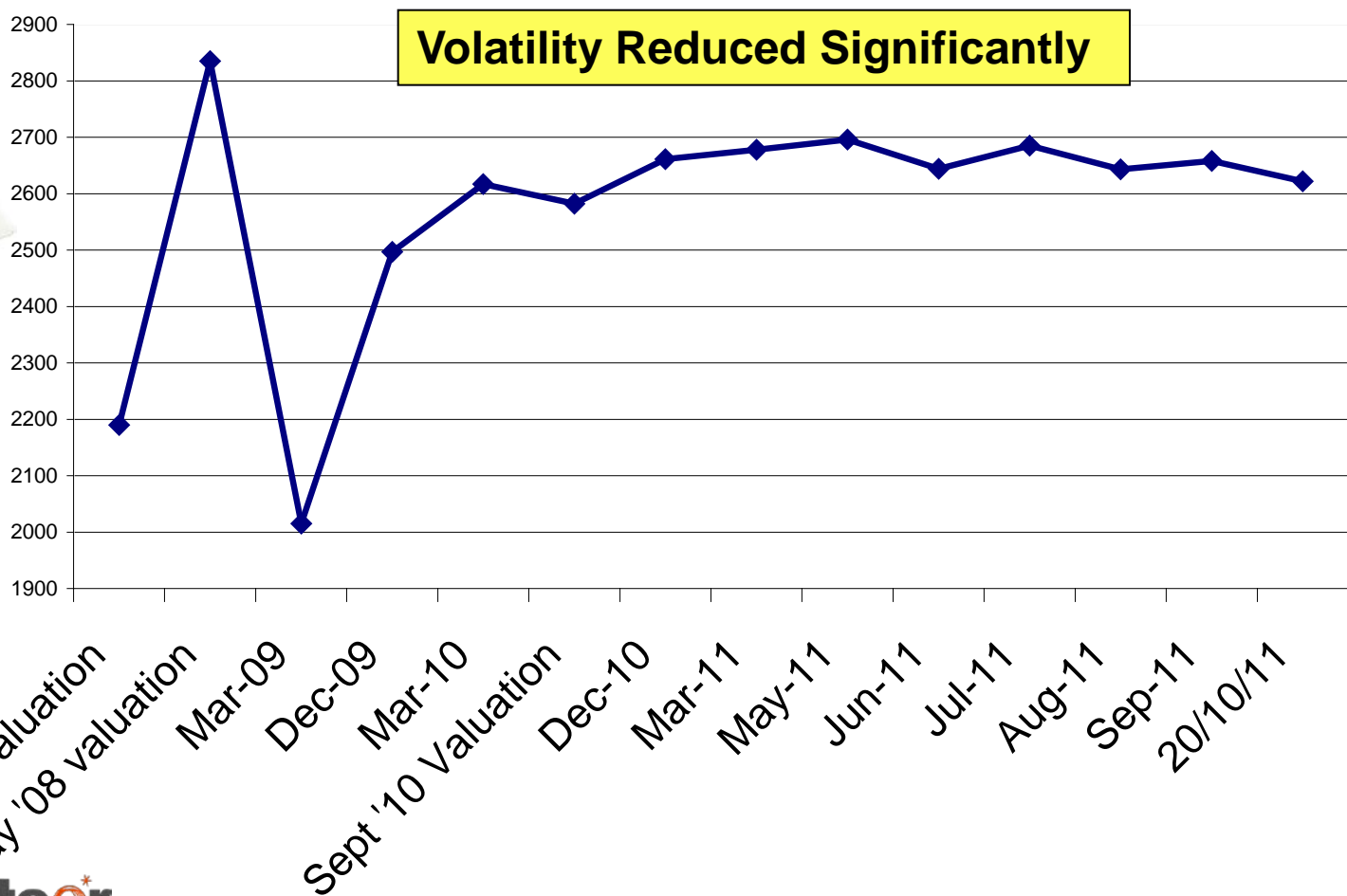


Growth Assets

Matching Assets

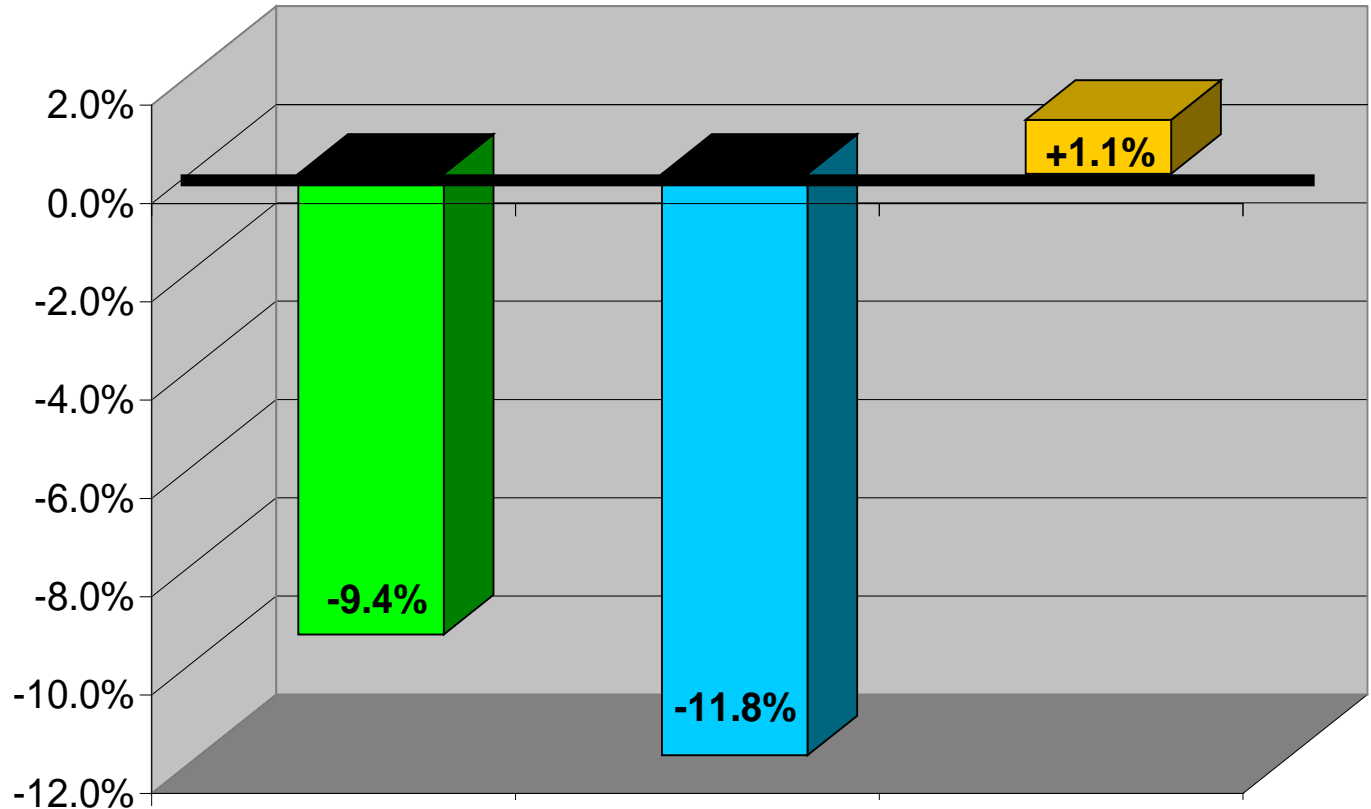


Main Fund Assets €m





Fund Performance 9 Months YTD



Concensus Managed Fund
MSCI World Equity (€)
eircom Main Superannuation Fund



Current Position

- Strong Governance Model in place
 - Trustees & Company
 - Company & Trade Unions
- Volatility & Costs Reduced
- Triggers agreed for further de-risking if opportunity presents
- Ongoing & active review of Fund and Market Performance

Report and Accounts of the
eircom Superannuation Fund

FOR THE YEAR ENDED 31 MARCH, 2011



eircom
Superannuation
Scheme



THANK YOU
Jim Foley, Eircom