

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION TO ANY U.S. PERSON OR IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN OR AT ANY ADDRESS IN THE UNITED STATES OR IN OR INTO OR TO ANY PERSON LOCATED IN OR AT ANY ADDRESS IN THE REPUBLIC OF ITALY OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT (SEE OFFER AND DISTRIBUTION RESTRICTIONS BELOW)**

8 December 2010

**THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND ANNOUNCES EXCHANGE OFFERS FOR ITS EXISTING EURO, U.S. DOLLAR AND STERLING LOWER TIER 2 NOTES TO BE EXCHANGED INTO NEW EURO AND STERLING GOVERNMENT\_GUARANTEED NOTES**

The Governor and Company of the Bank of Ireland (the **Bank**) today announces its invitations to holders (subject to the offer restrictions referred to below) of its outstanding:

- €50,000,000 Fixed/Floating Rate Subordinated Notes due 2019 (ISIN: XS0186652557) (the **2019 Euro Existing Notes**)
- €600,000,000 Callable Step-up Floating Rate Subordinated Notes due 2017 (ISIN: XS0223310862) (the **2017 Euro Existing Notes Issued 2005**)
- €750,000,000 Callable Step-up Floating Rate Subordinated Notes due January 2017 (ISIN: XS0283474483) (the **2017 Euro Existing Notes Issued 2007**)
- €1,002,157,000 10 per cent. Subordinated Notes due 2020 (issued in three tranches) (ISIN: XS0487711573) (the **2020 Euro Existing Notes** and together, with the 2019 Euro Existing Notes, the 2017 Euro Existing Notes Issued 2005 and the 2017 Euro Existing Notes Issued 2007, the **Euro Existing Notes**)
- U.S.\$600,000,000 Callable Step-up Floating Rate Subordinated Notes due July 2018 (ISIN: XS0309177318) (the **Dollar Existing Notes**)
- £400,000,000 Callable Fixed/Floating Dated Subordinated Notes due January 2018 (ISIN: XS0238792393) (the **2018 Sterling Existing Notes Issued 2005**)
- £450,000,000 Callable Subordinated Step-up Notes due September 2020 (ISIN: XS0381705549) (the **2020 Sterling Existing Notes Issued 2008**)
- £197,383,000 10 per cent. Subordinated Notes due 2020 (ISIN: XS0487711656) (the **2020 Sterling Existing Notes Issued 2010**)
- £75,000,000 10  $\frac{3}{4}$  per cent. Subordinated Bonds due 2018 (originally issued by Bristol & West Building Society and initially substituted by Bristol & West plc and then substituted by The Governor and Company of the Bank of Ireland (acting through its United Kingdom branch)) (ISIN: XS0044196425)(the **2018 Sterling Existing Notes Issued 1993** and together with the 2018 Sterling Existing Notes Issued 2005, the 2020 Sterling Existing Notes Issued 2008 and 2020 Sterling Existing Notes Issued 2010, the **Sterling Existing Notes** and together with the Euro Existing Notes and the Dollar Existing Notes, the **Existing Notes**),

to offer to exchange their Existing Notes for:

- Euro Denominated 6.75 per cent. Notes due 2012 to be issued by the Bank and guaranteed by the Minister for Finance of Ireland pursuant to the ELG Scheme (the **Euro New Notes**) in the case of the Euro Existing Notes;
- Euro New Notes in the case of the Dollar Existing Notes; and

- Euro New Notes or Sterling Denominated 6.75 per cent. Notes due 2012 to be issued by the Bank and guaranteed by the Minister for Finance of Ireland pursuant to the ELG Scheme (the **Sterling New Notes** and together with the Euro New Notes, the **New Notes**) in the case of the Sterling Existing Notes

(each such invitation, an **Exchange Offer** and, together, the **Exchange Offers**).

The Exchange Offers are made on the terms and subject to the conditions set out in the Exchange Offer Memorandum dated 8 December 2010 (the **Exchange Offer Memorandum**). Copies of the Exchange Offer Memorandum are available from the Dealer Managers and the Exchange Agent as set out at the end of this announcement. Capitalised terms used in this announcement but not defined herein have the meanings given to them in the Exchange Offer Memorandum.

Holders of the Euro Existing Notes shall only be entitled to exchange the Euro Existing Notes for Euro New Notes. Holders of the Dollar Existing Notes shall only be entitled to exchange the Dollar Existing Notes for Euro New Notes. Holders of the Sterling Existing Notes shall be entitled to exchange the Sterling Existing Notes for Euro New Notes or Sterling New Notes at their election.

The Bank currently proposes to accept no more than €1,500,000,000 in aggregate nominal amount outstanding of the Existing Notes (or the equivalent in U.S. dollars or pounds sterling, as appropriate), although the Bank reserves the right, in its sole discretion, not to accept any Offers to Exchange or to modify in any manner any of the terms and conditions of the Exchange Offers (including, but not limited to, accepting for exchange more than €1,500,000,000 in aggregate nominal amount outstanding of the Existing Notes, subject to applicable law).

In the event that Offers to Exchange are received in respect of an aggregate nominal amount of the Existing Notes of any Series which is greater than the amount of the Existing Notes of such Series which the Bank decides, in its sole discretion, to accept for exchange, a pro rata reduction will be applied to such Offers to Exchange. Any such reduction will be calculated as described in the Exchange Offer Memorandum.

The Bank will determine the allocation of acceptances between each Series of Existing Notes in its sole discretion and, for the avoidance of doubt an Exchange Pro-Rating Factor may be applicable to one or more Series of Existing Notes but not applicable to other Series of Existing Notes. Any applicable Exchange Pro-Rating Factor in relation to a Series of Existing Notes may not be the same as an Exchange Pro-Rating Factor applicable to other Series of Existing Notes.

The purpose of the Exchange Offers is to enhance the capital base of the Bank. Any decisions by the Bank as to whether it will exercise calls in the future in respect of any Existing Notes that are not exchanged pursuant to the Exchange Offers will be taken on an economic basis. Other factors which the Bank will have regard to include prevailing market conditions and conventions, regulatory approval or other intervention (actual or potential) under or in connection with the EU/IMF Programme of Financial Support for Ireland.

## Existing Notes

	ISIN	Coupon to first call date	Coupon from first call date to maturity	First call date	Maturity date	Aggregate amount outstanding	Exchange Ratio (%)
<b>2019 Euro Existing Notes</b>	XS0186652557	4.625 per cent. fixed rate	3 month EURIBOR + 1.42 per cent. floating rate	26 February 2014	27 February 2019	€19.957 mn	51.00
<b>2017 Euro Existing Notes Issued 2005</b>	XS0223310862	3 month EURIBOR + 0.30 per cent. floating rate	3 month EURIBOR + 0.80 per cent. floating rate	3 July 2012	3 July 2017	€157.85 mn	48.00
<b>2017 Euro Existing Notes Issued 2007</b>	XS0283474483	3 month EURIBOR + 0.20 per cent. floating rate	3 month EURIBOR + 0.70 per cent. floating rate	24 January 2012	24 January 2017	€248.15 mn	48.00

<b>2020 Euro Existing Notes</b>	XS0487711573	10 per cent. fixed rate	10 per cent. fixed rate	N/A	12 February 2020	€1,002.157 mn	56.50
<b>Dollar Existing Notes</b>	XS0309177318	3 month US\$ LIBOR + 0.22 per cent. floating rate	3 month US\$ LIBOR + 0.72 per cent. floating rate	5 July 2013	5 July 2018	U.S.\$327.671 mn	46.00
<b>2018 Sterling Existing Notes Issued 2005</b>	XS0238792393	4.875 per cent. fixed rate	3 month Sterling LIBOR + 0.73 per cent. floating rate	22 January 2013	22 January 2018	£155.465 mn	52.00
<b>2020 Sterling Existing Notes Issued 2008</b>	XS0381705549	9.25 per cent. fixed rate	3 month Sterling LIBOR + 4.70 per cent. floating rate	7 August 2015	7 September 2020	£450.0 mn	53.00
<b>2020 Sterling Existing Notes Issued 2010</b>	XS0487711656	10 per cent. fixed rate	10 per cent. fixed rate	N/A	12 February 2020	£197.383 mn	56.50
<b>2018 Sterling Existing Notes Issued 1993</b>	XS0044196425	10 ¾ per cent. fixed rate	10 ¾ per cent. fixed rate	N/A	22 June 2018	£75.0 mn	57.50

### Exchange Consideration

The amount of New Notes each Holder whose Existing Notes are accepted for exchange pursuant to the relevant Exchange Offer will receive on the Settlement Date will be calculated by reference to (a) the aggregate nominal amount of the Existing Notes validly offered for exchange and accepted for exchange, (b) the Exchange Ratio for such Existing Notes and (c) in the case of the Dollar Existing Notes and the Sterling Existing Notes which are being offered in exchange for Euro New Notes, the relevant FX Rate.

The Bank will also pay holders of the Existing Notes on the Settlement Date an Accrued Interest Payment and a Cash Rounding Amount.

Holders wishing to offer to exchange their Existing Notes pursuant to the relevant Exchange Offer should do so in accordance with the procedures in the Exchange Offer Memorandum. In particular, to receive New Notes pursuant to the relevant Exchange Offer, Holders must validly offer for exchange and have accepted for exchange by the Bank a sufficient amount of each Series of the Existing Notes (the **Minimum Offer Amount**) to be eligible to receive, in respect of each such Series, a nominal amount of the relevant New Notes of at least the minimum denomination of £50,000 in the case of the Sterling New Notes or €50,000 in the case of the Euro New Notes.

A Holder who offers to exchange Existing Notes having a nominal amount of less than the Minimum Offer Amount or who offers to exchange Existing Notes in an aggregate amount which, following the application of the relevant Exchange Pro-Rating Factor (if applicable) is less than the Minimum Offer Amount, will not be eligible to receive New Notes but instead will, if the Bank chooses in its sole discretion to accept such offer (such discretion, the **Cash Exit Alternative**), be eligible to receive on the Settlement Date an amount in cash being the Cash Exit Amount plus accrued and unpaid interest on such Existing Notes up to (but excluding) the Settlement Date.

### Indicative Exchange Offer Timetable

Event	Date and time (all times are London time)
<i>Commencement of Exchange Offers</i>	Wednesday, 8 December 2010
<i>Expiration Deadline</i>	Thursday, 16 December 2010 at 5.00 p.m.
<i>Fixing of FX Rates from Bloomberg Screen FXC</i>	Friday, 17 December 2010 at or around 12 noon
<i>Announcement of Exchange Offer Results</i>	Friday, 17 December 2010 at or around 4.00 p.m.

The Bank may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate any Exchange Offer at any time (subject to applicable law and as provided in the Exchange Offer Memorandum) and the above times and dates are subject to the right of the Bank to so extend, re-open, amend and/or terminate an Exchange Offer.

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes whether such intermediary would require to receive instructions to participate in the relevant Exchange Offer before the deadlines specified above. The deadlines set by each Clearing System for the submission of Exchange Instructions will also be earlier than the relevant deadlines set out above and in the Exchange Offer Memorandum.

Unless stated otherwise, announcements in relation to each Exchange Offer will be made: (i) by the issue of a press release to a Notifying News Service; (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants; (iii) via an RIS and the Company Announcements section of the Irish Stock Exchange, and may also be found on the relevant Reuters International Insider Screen; and (iv) as required by the rules of any stock exchange on which any Existing Notes may be listed and/or admitted to trading. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Holders are urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offers. In addition, holders of Existing Notes may contact the Dealer Managers for information using the contact details below.

### **Exchange Instructions**

In order to participate in, and be eligible to receive New Notes pursuant to, the Exchange Offers, Holders must validly offer Existing Notes for exchange by delivering, or arranging to have delivered on their behalf, a valid Exchange Instruction that is received by the Exchange Agent by the Expiration Deadline. **Exchange Instructions in respect of Sterling Existing Notes must specify whether such Sterling Existing Notes are being offered in exchange for Euro New Notes or Sterling New Notes and, in the event no such election is made, the relevant Holder will be deemed to have specified that the relevant Sterling Existing Notes are being offered in exchange for Euro New Notes.**

Holders must validly offer for exchange a sufficient amount of the relevant series of Existing Notes to be eligible to receive a nominal amount of the relevant New Notes of at least the minimum denomination of £50,000 in the case of the Sterling New Notes or €50,000 in the case of the Euro New Notes.

**Exchange Instructions will be irrevocable** except in the limited circumstances described in the Exchange Offer Memorandum.

### **General**

**Holders are advised to read carefully the Exchange Offer Memorandum for full details of, and information on the procedures for participating in, the Exchange Offers.**

Deutsche Bank AG, London Branch and UBS Limited are acting as Dealer Managers and Lucid Issuer Services Limited is acting as Exchange Agent.

Questions and requests for assistance in connection with the Exchange Offers may be directed to any Dealer Manager.

#### *Dealer Managers*

##### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
Telephone: +44 20 7545 8011  
Attention: Liability Management Group

##### **UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
Telephone: +44 20 7567 0525  
Attention: Liability Management Group  
Email: mark-t.watkins@ubs.com

Email: [liability.management@db.com](mailto:liability.management@db.com)

Questions and requests for assistance in connection with the delivery of Exchange Instructions may be directed to the Exchange Agent.

*Exchange Agent*

**Lucid Issuer Services Limited**

436 Essex Road

London N1 3QP

United Kingdom

Telephone: +44 20 7704 0880

Fax: +44 20 7067 9098

Attention: Yves Theis / David Shilson

Email: [boi@lucid-is.com](mailto:boi@lucid-is.com)

**DISCLAIMER** This announcement must be read in conjunction with the Exchange Offer Memorandum. This announcement and the Exchange Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Exchange Offers. If you are in any doubt as to the contents of this announcement or the Exchange Offer Memorandum or the action you should take, you are recommended to seek your own financial and legal advice, including as to any tax consequences, immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to offer Existing Notes for exchange pursuant to the Exchange Offers. None of the Dealer Managers, the Exchange Agent or the Bank makes any recommendation as to whether Holders should offer Existing Notes for exchange pursuant to the Exchange Offers.

**OFFER AND DISTRIBUTION RESTRICTIONS**

Neither this announcement nor the Exchange Offer Memorandum constitutes an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Notes and/or New Notes, as applicable, and offers of Existing Notes for exchange pursuant to the Exchange Offers will not be accepted from Holders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Exchange Offer to be made by a licensed broker or dealer and either of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, that Exchange Offer shall be deemed to be made by such Dealer Manager or affiliate, as the case may be, on behalf of the Bank in such jurisdiction.

The distribution of this announcement and the Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement or the Exchange Offer Memorandum comes are required by the Bank, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

**United States**

Each Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement and the Exchange Offer Memorandum and any other documents or materials relating to the relevant Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including without limitation, by custodians, nominees or trustees) in or into the United States or to persons located or resident in the United States or to U.S. persons and the Existing Notes cannot be Offered for Exchange by any such use, means, instruments or facilities or from within the United States or by U.S. persons. Any purported Offer to Exchange Existing Notes resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a U.S. person, a person located or resident in the United States or from within the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

Neither this announcement nor the Exchange Offer Memorandum is an offer of securities for sale in the United States or to U.S. persons. None of the Existing Notes and the New Notes have been, or will be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons. The purpose of this announcement and the Exchange Offer Memorandum is limited to the Exchange Offers, and this announcement and the Exchange Offer Memorandum may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Notes participating in the relevant Exchange Offer will represent that it is participating in such Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the relevant Exchange Offer from within the United States nor is it a U.S. person or an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person.

**Italy**

None of the Exchange Offers, this announcement, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offers have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (CONSOB) pursuant to Italian laws and regulations, and the Exchange Offers are not being made, and will not be made, directly or indirectly, in or into the Republic of Italy (**Italy**) as a public offer (as defined in article 1, paragraph 1, letter v) of the Legislative Decree no. 58 of February 24, 1998). Accordingly, Holders of Existing Notes are hereby notified that the Exchange Offers are not intended to be addressed, and the New Notes may not be offered, and none of this announcement, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offers, the Existing Notes, or the New Notes has been prepared in order to be sent, by any means, distributed or otherwise made available, as part of the Exchange Offers, to any person in Italy.

**Other**

The Exchange Offers are not being made, and will not be made, directly or indirectly, to the public in Ireland, Belgium, the United Kingdom or France. In the United Kingdom and France, only the following persons may participate in the Exchange Offers and receive this announcement and the Exchange Offer Memorandum (as more fully set out in the Exchange Offer Memorandum):

**United Kingdom** (investment professionals and persons within Article 43 or otherwise of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) / **Belgium** (qualified investors) / **France** (qualified investors, other than individuals).

**NOTICE**

The Dealer Managers are acting exclusively for the Bank and no one else in connection with the arrangements described in this announcement and will not be responsible to anyone other than the Bank for providing the protections afforded to customers of the Dealer Managers or for advising any other person in connection with the arrangements described in this announcement.

ICM:11671904.4