

Company name **Bank of Ireland(Gov)**
 Headline **Tender Offer**

RNS Number : 4624S
 Bank of Ireland(Governor&Co)
 19 May 2009

**THE BANK OF IRELAND GROUP ANNOUNCES AN INVITATION
 FOR OFFERS TO SELL SECURITIES FOR CASH**

**NOT FOR DISTRIBUTION TO ANY UNITED STATES OR ITALIAN PERSON
 OR TO ANY PERSON RESIDENT AND/OR LOCATED IN THE UNITED
 STATES OR ITALY**

19 May 2009

BOI Capital Holdings Limited (the "**Company**") hereby announces an invitation to holders of the €600,000,000 7.40 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc and having the benefit of a subordinated guarantee of The Governor and Company of the Bank of Ireland (the "**Series 1 Securities**"), the €600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities issued by BOI Capital Funding (No.1) LP and having the benefit of a subordinated guarantee of The Governor and Company of the Bank of Ireland (the "**Series 2 Securities**"), the £350,000,000 6.25 per cent. Guaranteed Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc and having the benefit of a subordinated guarantee of The Governor and Company of the Bank of Ireland (the "**Series 3 Securities**") and the £500,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities issued by BOI Capital Funding (No. 4) LP and having the benefit of a subordinated guarantee of The Governor and Company of the Bank of Ireland (the "**Series 4 Securities**") (together, the "**Securities**") to submit offers ("**Offers**") to sell their Securities to the Company for cash (the "**Invitation**"). The Governor and Company of the Bank of Ireland, Bank of Ireland UK Holdings plc, BOI Capital Funding (No.1) LP and BOI Capital Funding (No. 4) LP are together the obligors (the "**Obligors**").

The Company will determine the Purchase Price of each Series of Securities and the aggregate principal amount of each Series of Securities to be purchased in accordance with the modified Dutch auction procedure described in the invitation for offers dated 19 May 2009 (the "**Invitation for Offers**").

The Invitation by the Company to holders of Securities constitutes a separate Invitation with respect to each Series of Securities. The Invitation is made on the terms and subject to the conditions contained in the Invitation for Offers. Capitalised terms used in this announcement have the meanings ascribed to them in the Invitation for Offers.

ISIN / Common Code	Outstanding Principal Amount	First Call Date	Minimum Purchase Price ¹	Early Tender Amount
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Series 1 Securities	XS0125611482 / 012561148	€600,000,000	7th March 2011	€500 per €1,000 principal amount	€30 per €1,000 principal amount
Series 2 Securities	XS0213178295 / 021317829	€600,000,000	3rd March 2010	€380 per €1,000 principal amount	€30 per €1,000 principal amount
Series 3 Securities	XS0165122655 / 016512265	£350,000,000	7th March 2023	£420 per £1,000 principal amount	£30 per £1,000 principal amount
Series 4 Securities	XS0268599999 / 026859999	£500,000,000	3rd April 2017	£400 per £1,000 principal amount	£30 per £1,000 principal amount

¹ Includes the Early Tender Amount. In order to be eligible to receive the Early Tender Amount, Holders need to submit valid tenders prior to the Early Expiration Deadline.

Rationale for the Invitation

All Securities subject to the Offer currently trade at a significant discount compared to their initial issue price and the aim of the repurchase of the Securities by the Company is for The Governor and Company of the Bank of Ireland group of companies (the "**Group**") to realise the value of this discount and optimise its capital structure. To the extent that the Company purchases Securities, the transaction will allow the Group to benefit from the prevailing market conditions without materially affecting its capital position.

Modified Dutch Auction Procedure

The Company proposes to accept for purchase Securities up to a maximum aggregate principal amount of €950,000,000 (the "**Maximum Invitation Amount**") across all Series of Securities combined. The Company will determine the allocation of the Maximum Invitation Amount between the Series of Securities in its sole discretion.

If the Company elects to purchase any of the Sterling Securities, it will determine the relevant sterling/euro exchange rate applicable to the purchase in its sole discretion for the purposes of calculating the portion of the Maximum Invitation Amount that it wishes to allocate to the purchase of any of the Sterling Securities.

The Company will determine a separate Purchase Price for each Series of Securities, which will not be less than the Minimum Purchase Price, that it will pay to holders whose tenders of Securities are accepted for purchase pursuant to the Invitation. In addition, the Company will pay accrued and unpaid interest or distributions for the period from (and including) the most recent interest payment or distribution payment date for the Securities accepted for purchase to (but not including) the Settlement Date ("**Accrued Interest**").

The Company may, in its sole discretion, elect to modify the Invitation at any time after the Early Expiration Deadline and before the Expiration Deadline, by determining and publishing the Purchase Price in respect of any or all Series of Securities. Exercise of such an option (the "**Fixed Price Option**") is independent of the Company's option to close the Invitation for Offers in respect of any or all of the Series of Securities (the "**Early Expiration Option**"). The Early Expiration Option may or may not be exercised as well as the Fixed Price Option, at any time after the Early Expiration Deadline and before the scheduled Expiration Deadline. Following the exercise of a Fixed Price Option and before the Expiration Deadline, tenders of Notes shall only be made at the Purchase Price so announced, and no Non-Competitive Offers or Competitive Offers should be made thereafter.

The Company may close the Invitation for Offers in respect of any or all of the Series of Securities at any time between the Early Expiration Deadline and the scheduled Expiration Deadline.

The Company reserves the right, in its sole and absolute discretion, not to accept any

Offers, not to purchase Securities of any Series or to modify in any manner any of the terms and conditions of the Invitation (including, but not limited to, purchasing more than the Maximum Invitation Amount, subject to applicable law).

Acceptance of Offers and Pro-ration

Once the Company has determined the Purchase Price for each Series of Securities, the Company will accept Offers in the following order: (i) all Non-Competitive Offers for Securities of the relevant Series received before the Early Expiration Deadline will be accepted first (subject to possible pro-ration); (ii) all Competitive Offers for Securities of the relevant Series with a price below the applicable Purchase Price received before the Early Expiration Deadline will be accepted second (subject to possible pro-ration); (iii) all Competitive Offers for Securities of the relevant Series with a price equal to the applicable Purchase Price received before the Early Expiration Deadline will be accepted third (subject to possible pro-ration); (iv) to the extent that the Company has not announced a Pricing Announcement all Non-Competitive Offers for Securities of the relevant Series received after the Early Expiration Deadline will be accepted fourth (subject to possible pro-ration); (v) to the extent that the Company has not announced a Pricing Announcement all Competitive Offers for Securities of the relevant Series with a price below the applicable Purchase Price received after the Early Expiration Deadline will be accepted fifth (subject to possible pro-ration); (vi) to the extent that the Company has not announced a Pricing Announcement all Competitive Offers for Securities of the relevant Series with a price equal to the applicable Purchase Price received after the Early Expiration Deadline will be accepted last (subject to possible pro-ration), as further described in the Invitation for Offers.

Should the Company have announced the closure of the Invitation for Offers for that Series at the Early Expiration Deadline, the Offers described in (iv), (v) or (vi) will not be accepted pursuant to this Invitation.

Should the Company have published its exercise of a Fixed Price Option, the Offers described in (iv) and (v) will not be accepted thereafter pursuant to this Invitation.

In the event that the aggregated principal amount of the Offers referred to above and accepted in respect of a particular Series is greater than the principal amount that the Company wishes to purchase, such Offers made at the Purchase Price of the relevant Series of Securities will be accepted on a *pro rata* basis. Each tender of Securities reduced in this manner will be rounded down to the nearest €1,000 principal amount or £1,000 principal amount, as applicable, provided that no Offer shall be accepted in this manner where the acceptance of pro-rated Securities under the Invitation would result in a residual amount of Securities totalling less than the applicable Minimum Denomination.

Cash to be Received for Securities

Holders of Securities whose Offers are accepted by the Company, subject to any pro-ration, will receive in exchange for each €1,000 principal amount of the euro Securities or £1,000 principal amount of the Sterling Securities, as applicable (subject to the applicable Minimum Denomination):

- the Purchase Price if such Offers are validly submitted before the Early Expiration Deadline, or the Purchase price less the Early Tender Amount if such Offers are validly submitted after the Early Expiration Deadline; and
- an amount in cash in euro or sterling, as applicable, equal to the Accrued Interest.

Participating in the Invitation

To tender Securities pursuant to the Invitation, a holder should deliver, or arrange to have delivered on its behalf, through the relevant clearing system and in accordance with the requirements of such clearing system, a valid tender instruction that is received by the Tender Agent prior to the Expiration Deadline.

Custodians, direct participants and clearing systems might have deadlines prior to the Early Expiration Deadline or the Expiration Deadline, as applicable, for receiving instructions and you should contact any such intermediary through which you hold your Securities as soon as possible to ensure the proper and timely delivery of instructions.

Expected Transaction Timeline

19 May 2009, "**Launch Date**"

Commencement of the Invitation and distribution of this Invitation for Offers.

4.00 p.m. London time, 2 June 2009, "**Early Expiration Deadline**"

The holders of Securities who wish to make an early tender shall tender Offers of Securities by the Early Expiration Deadline, unless the Company extends it or terminates it earlier in its sole discretion.

A Business Day which shall fall between the Early Expiration Deadline and the Acceptance Announcement Date, "**Pricing Announcement Date**"

The Purchase Price in respect of a particular Series of Securities will be announced on the date on which that Purchase Price is determined.

4.00 p.m. London time, 16 June 2009, "**Expiration Deadline**"

The Invitation expires at the Expiration Deadline unless the Company extends it or terminates it earlier in its sole discretion.

If the Company exercises the Early Expiration Option the Expiration Deadline shall be such earlier date as announced by the Company

On the Business Day following the Expiration Deadline (which Expiration Deadline may be brought forward pursuant to the Early Expiration Option), "**Acceptance Announcement Date**"

The Company announces whether it will accept any Offers, and pro-rata factor, if any, in respect of a particular Series of Securities.

The Company also announces the aggregate principal amount in respect of a particular Series of Securities accepted for purchase (which may be zero in respect of any series) and the aggregate principal amount in respect of a particular Series of Securities remaining outstanding following the completion of the Invitation.

Three Business Days after the Expiration Deadline, or as soon as practicable thereafter, "**Settlement Date**"

The Company pays the Purchase Price in respect of a particular Series of Securities for any Securities being purchased, plus Accrued Interest.

For further information:

A complete description of the terms and conditions of the Invitation is set out in the Invitation for Offers. Further details about the transaction can be obtained from:

The Dealer Managers:

Citigroup Global Markets Limited

Tel: +44 (0) 20 7986 8969

Email: liabilitymanagement.europe@citi.com

UBS Investment Bank

Tel: +44 (0) 20 7567 0525

Email: mark-t.watkins@ubs.com

The Tender Agent:

Lucid Issuer Services Limited

Tel: +44 (0) 20 7704 0880

Email: boi@lucid-is.com

A copy of the Invitation for Offers is available to eligible persons upon request from the Tender Agent.

The Dealer Managers do not take responsibility for the contents of this announcement and none of the Company, the Obligors, the Dealer Managers, the Tender Agent, or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Invitation, or any recommendation as to whether holders of Securities should tender Securities in the Invitation. This announcement must be read in conjunction with the Invitation for Offers. No Invitation to acquire any Securities is being made pursuant to this notice. Any such Invitation is only being made pursuant to the Invitation for Offers and any Offers should be made solely on the basis of information contained in the Invitation for Offers. This announcement and the Invitation for Offers contain important information, which should be read carefully before any decision is made with respect to the Invitation. If any holder of Securities is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

The Invitation is subject to offer and distribution restrictions in, amongst other countries, the United States, the United Kingdom, Italy, Belgium and France as more fully set out in the Invitation for Offers. The distribution of this announcement in those jurisdictions is restricted by the laws of such jurisdictions.

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