

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the course of action to take you should immediately consult your stockbroker, solicitor, accountant or other independent financial adviser (being, in the case of an Irish stockholder, an adviser authorised pursuant to the Investment Intermediaries Act, 1995 or the Stock Exchange Act, 1995 as amended and, in the case of a UK stockholder, an independent investment adviser authorised under the Financial Services and Markets Act 2000).

If you have sold or transferred all your Ordinary Stock in Bank of Ireland please forward this document and the accompanying Form of Proxy to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected.

**GOVERNOR'S LETTER TO  
HOLDERS OF ORDINARY STOCK**

**and**

**NOTICE OF THE ANNUAL GENERAL COURT**

**on**

**Friday, 21 July 2006 at 10 a.m.**

**in the**

**O'Reilly Hall, UCD, Belfield, Dublin 4**

Notice of the Annual General Court of Bank of Ireland is set out from page 6 of this document.

A Form of Proxy relating to the meeting accompanies this document. To be valid, **Forms of Proxy** for use at the Annual General Court must be completed and **returned so as to reach the Registrar**, Computershare Investor Services (Ireland) Ltd, either electronically or to P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible, but in any event to arrive **no later than 10 a.m. on Wednesday, 19 July 2006**.



*Governor*

*Head Office  
Lower Baggot Street  
Dublin 2*

22 June 2006

Dear Stockholder,

Notice of the Annual General Court to be held at 10 a.m. on Friday, 21 July 2006 is included on pages 6 to 8 of this document.

You will note that 12 Resolutions in all will be proposed at the meeting, all of which the Court of Directors are recommending for your approval. I will comment on a number of the Resolutions as follows:

**Item 3** relates to the re-election of Directors.

It is a requirement of the Bank's Bye-Laws that each Director should be subject to re-election at intervals of no more than three years. David Dilger, George Magan, Caroline Marland, Tom Moran and Declan McCourt are standing for re-election and I am pleased to confirm that, following formal performance evaluation, the Court unanimously concluded that each of them continues to be a very effective member of the Court and that they demonstrate continuing commitment to the role.

A biography on each Director standing for re-election is contained on either page 2 or page 3 in the Annual Report and Accounts.

Apart from the usual business there are 8 items of special business, as set out below, which I would like to bring to your attention.

**Item 5 and Item 6 - Renewal of authority to purchase and re-issue units of stock**

Under the resolution at Item 5 of the Notice, the Directors are seeking to renew the general authority granted last year for the Bank to make market purchases of its own stock. The maximum price that may be paid for each unit of stock purchased is 5% above the average closing price of the stock on the Irish Stock Exchange for the five business days immediately preceding the purchase, while the minimum price that may be paid is the nominal value of a unit of stock. **The authority to make market purchases will be exercised only if the Directors consider it to be in the best interests of the Bank and its stockholders.** If this authority were utilised in full, then the level of outstanding options to subscribe for 16,495,845 units of Ordinary Stock would represent 1.88% of the issued Ordinary Stock, compared with 1.70% at present.

The resolution at Item 6 of the Notice seeks to determine the re-issue price range at which stock purchased and held as treasury stock may subsequently be re-issued off-market. The re-issue price of treasury stock for the purposes of any employee stock scheme will be the price provided for in such scheme; otherwise, the re-issue price will be in the range 95% to 120% of the average closing price of the stock on the Irish Stock Exchange for the five business days immediately preceding the day on which the stock is re-issued.

## **Item 7 and Item 8 - Renewal of authority to allot Ordinary Stock on a non-pre-emptive basis**

In recent years, in order to conform with Stock Exchange requirements, a resolution has been proposed at the Annual General Court to renew the general authority conferred on the Directors to allot and issue Ordinary Stock *for cash* on a non-pre-emptive basis (i.e. other than on a pro rata basis to stockholders) up to a nominal amount representing 5% of the issued Ordinary Stock. Under the resolution at Item 7 of the Notice, the Directors are seeking the renewal of this authority to allot up to the equivalent of 5% of the issued Ordinary Stock *for cash* on a non-pre-emptive basis. This approximates to a nominal amount of €31.1 million.

Under the resolution at Item 8 of the Notice, the Directors are seeking a general authority, similar to that granted last year, to allot and issue Ordinary Stock *otherwise than for cash* for the purpose of, or in connection with, the acquisition of any company, undertaking, business or assets. This authority shall be for a nominal amount not exceeding, at the date of the passing of the resolution, the lesser of 15% of the issued Ordinary Stock or the authorised but unissued Ordinary Stock in the capital of the Bank.

As a result of the passing of these resolutions stockholders will have granted two distinct and separate authorisations empowering the Directors to allot and issue Ordinary Stock on a non-pre-emptive basis.

The authorities being sought will remain in force until 20 October 2007 or the date of the Annual General Court in 2007, whichever is the earlier. **There are currently no plans to issue any Ordinary Stock on foot of either of these authorisations.**

## **Item 9 – Renewal of authority to operate Stock Alternative Scheme**

The Directors have decided to re-introduce a Stock Alternative Scheme to enable Ordinary Stockholders to elect to receive new units of Ordinary Stock instead of all or part of their dividend. The re-introduction of the Scheme meets the desire of many stockholders to have the option of receiving their dividend in this manner thereby enabling them to add to their investment.

The authority, first granted in 1993, for the Directors to offer a scrip dividend alternative under the Bank's Stock Alternative Scheme, expired in 2002. Stockholders' approval is therefore sought to renew the authority for the Directors to offer a scrip dividend alternative under the Stock Alternative Scheme for a period of five years. This authority, if approved, will apply in the future commencing with the interim dividend for 2006/2007.

## **Item 10 - Non-Executive Directors' fees**

Under Bye-Law 73 of the Bank's Bye-Laws the amount of the non-executive Directors' remuneration is to be determined from time to time by the Bank in General Court. The present limit of €1,000,000 on the non-executive Directors' annual aggregate fee pool was approved by the Annual General Court in 2004. All non-executive Directors' fees are paid out of this pool with the exception of the Governor and Deputy Governor who, as non-executive Officers of the Bank, are separately remunerated by way of non-pensionable salaries.

The current fee paid to a non-executive Director, for Court and Committee work, is €80,000 per annum; this sum is non-pensionable.

It is proposed that the standard fee and the aggregate fee pool remain unchanged but, in recognition of the increased workload on committees in an ever more demanding regulatory environment, it is proposed to pay a committee membership fee equivalent to 12 ½% of the standard fee.

In the same context, it is proposed to increase the additional fee paid to the Chairman of the Group Audit Committee from 40% to 50% of the standard fee and to introduce an additional payment (equivalent to 30% of the standard fee) for other committee chairmen and for the Senior Independent Director. This proposal to allow additional payments for committee membership or chairmanship will operate within the overall fee pool approved by stockholders from time to time and will also confirm the ability of the Directors to determine how the fee pool will be distributed as per Bye-Law 73.

In the case of the Governor and Deputy Governor, no additional fees will apply for committee membership or chairmanship.

In recent years, 10% of each Director's after tax remuneration has been paid in the form of Bank Ordinary Stock; it is intended to cease this practice as Directors already comply with the stockholding requirement set out in Bye-Law 75.

**Item 11 – Authority to establish a new all-employee Staff Stock Issue Scheme (Ireland only)**

In 1997 Stockholders approved the establishment of the Employee Stock Issue Scheme – 1997 (the “1997 SSI”) which, subject to certain constraints, empowered the Directors to appropriate units of Ordinary Stock to participating employees under an Irish Revenue approved profit sharing scheme. The approval from stockholders was valid for a period of 10 years and the final award allowable under this approval will be made in 2006.

Stockholders are asked to approve the establishment of a new scheme, the Bank of Ireland Group Staff Stock Issue – 2006 Scheme (the “2006 SSI”) for employees in Ireland. The trust established with the 1997 SSI will continue in amended form for use in conjunction with the 2006 SSI. The 2006 SSI will comply with current institutional investor guidelines, Revenue guidelines for approved profit sharing schemes and will reflect current best practice. Its introduction will enable the Directors at their discretion, when the performance of the Group warrants it, to grant Ordinary Stock to participating employees in Ireland and thus continue to identify the interests of participating employees more closely with those of stockholders generally.

The approval of stockholders is being sought on the basis that key aspects of the 2006 SSI will not be altered without their prior approval. The 2006 SSI will be submitted to the Revenue Commissioners for formal approval under the Taxes Consolidation Act 1997 (as amended).

The principal features of the proposed 2006 SSI are set out in Appendix 1 to this letter at pages 9 and 10.

A copy of the draft amended trust deed and the rules of the 2006 SSI will be available for consultation at the office of the Group Secretary, Bank of Ireland, Head Office, Lower Baggot Street, Dublin 2 and at Bank of Ireland, 36 Queen Street, London EC4R 1HJ during normal business hours from to-day until the close of the Annual General Court. A copy of this documentation will also be available for inspection at the O'Reilly Hall, UCD, Belfield, Dublin 4 from 15 minutes before the commencement of the Annual General Court on Friday, 21 July 2006 to the end of the meeting.

## **Item 12 – Authority to establish a new all-employee Restricted Stock Plan and US Employee Trust (USA only)**

Historically, employees based in the USA were excluded from the Group's 1997 SSI on the basis that:

- Apart from the listing of American Depositary Receipts ("ADRs") on the New York Stock Exchange, the Ordinary Stock of the Bank is not registered with the US Securities and Exchange Commission (the "SEC")
- The 1997 SSI was not a tax efficient way of rewarding US based employees.

In lieu of receiving stock under the 1997 SSI, US based employees received a cash payment, subject to income tax and related deductions, equal to the value of Ordinary Stock that they would have received under the 1997 SSI.

The Bank of Ireland Group Restricted Stock Plan - 2006 (the "RSP") will enable the Bank to grant free stock, on a similar basis as the Group's 2006 SSI (which is replacing the 1997 SSI – see item 11 above). The proposed RSP is designed to replicate as far as possible the 2006 SSI for US employees and its terms comply with current Irish institutional investor guidelines. Its introduction will encourage participating US employees to identify more closely their interests with those of stockholders generally. It is intended that the RSP will be introduced in 2007 with the first award being made in May 2007.

Any offer of securities under the RSP will be made pursuant to a registration statement under the Securities Act of 1933 or in accordance with an applicable exemption. If approved by stockholders the Bank will complete filing requirements to permit awards of Ordinary Stock to US employees under SEC trading rules.

Stockholders are asked to approve the establishment of the RSP for US based employees. The approval of stockholders is being sought on the basis that key aspects of the RSP will not be altered without their prior approval.

As it is not feasible under Irish tax legislation to use the trust established for the 2006 SSI, it is proposed to seek the approval of stockholders to establish a separate trust constituted under US law ("the US Employee Trust"), for use in conjunction with the RSP. It is intended that stock will be acquired by the US Employee Trust, either by way of subscription or market purchase, to satisfy the awards made under the new RSP. Stockholders are asked to approve the establishment of the US Employee Trust.

The principal features of the proposed new RSP and the US Employee Trust are set out in Appendix 2 to this letter at pages 11 and 12.

A copy of the draft rules of the RSP and the draft trust deed for the US Employee Trust will be available for consultation at the office of the Group Secretary, Bank of Ireland, Head Office, Lower Baggot Street, Dublin 2 and at Bank of Ireland, 36 Queen Street, London EC4R 1HJ during normal business hours from to-day until the close of the Annual General Court. A copy of this documentation will also be available for inspection at the O'Reilly Hall, UCD, Belfield, Dublin 4 from 15 minutes before the commencement of the Annual General Court on Friday, 21 July 2006 to the end of the meeting.

## **Recommendation**

The Directors believe that all the resolutions proposed to the Annual General Court are in the best interests of the Bank and its stockholders as a whole and accordingly recommend that you vote in favour of them, as they intend to do in respect of their own beneficial holdings amounting to 1,093,268 units of Ordinary Stock.

## **Action to be taken**

You will find a Form of Proxy accompanying this document for use in connection with the Annual General Court. The Form of Proxy should be completed and returned as soon as possible to the Registrar, Computershare Investor Services (Ireland) Ltd, either electronically ([www.computershare.com/ie/voting/bankofireland](http://www.computershare.com/ie/voting/bankofireland)) or to P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland and in any event, in order to be valid, so as to arrive not later than 10 am on Wednesday, 19 July 2006. The lodging of a Form of Proxy will not preclude a stockholder from attending and voting in person at the Annual General Court.

**If you would like to submit a question in advance of the Annual General Court, please see the reverse of the Form of Proxy for instructions on how to do so.** I will respond to any questions raised when the item of business to which the questions relate is under consideration by the meeting. Any other questions submitted, that are not relevant to the meeting, will be responded to subsequently by an appropriate executive.

**Finally, if you have not already done so, I would ask you to consider registering ([www.computershare.com/register/ie](http://www.computershare.com/register/ie)) to receive your stockholder documentation online as soon as it is published on our website. As well as being speedier and less bulky, you can access some or all of the information at your convenience and there are obvious benefits to the environment.**

**If you wish to attend the Annual General Court, please detach your Attendance Card from your Form of Proxy and bring it with you to the meeting.**

Yours sincerely,



**Richard Burrows**

Governor





## NOTICE OF THE ANNUAL GENERAL COURT

**NOTICE IS HEREBY GIVEN that the Annual General Court of The Governor and Company of the Bank of Ireland (the “Bank”) will be held on Friday 21 July 2006, at 10a.m. in the O’Reilly Hall, University College Dublin, Belfield, Dublin 4, Ireland, for the following purposes:-**

1 To receive the report of the Directors and the accounts for the year ended 31 March 2006.

2 To declare a dividend.

3 To re-elect the following Directors by separate resolutions:-

- (a) Mr David Dilger
- (b) Mr George Magan \*
- (c) Mrs Caroline Marland
- (d) Mr Thomas Moran
- (e) Mr Declan McCourt. \*

\* denotes member of the Group Remuneration Committee

4 To authorise the Directors to determine the remuneration of the auditors.

5 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT

- (a) the Bank and/or any subsidiary (as such expression is defined by Section 155 of the Companies Act, 1963) of the Bank be generally authorised to make market purchases (as defined by Section 212 of the Companies Act, 1990 (the “1990 Act”)) of units of Ordinary Stock of the Bank having a nominal value of €0.64 each on such terms and conditions and in such manner as the Directors or, as the case may be, the directors of such subsidiary, may from time to time determine but subject, however, to the provisions of the 1990 Act and to the following restrictions and provisions:
  - (i) The maximum number of units of Ordinary Stock authorised to be acquired pursuant to the terms of this resolution shall, subject to the proviso hereinafter set out, not exceed 96,328,779 units;
  - (ii) The minimum and maximum prices which may be paid for any such units of Ordinary Stock shall be determined in accordance with Bye-Law 40 of the Bye-Laws of the Bank;
- (b) the Bank and/or any subsidiary (as such expression is defined by Section 155 of the Companies Act, 1963) of the Bank be generally authorised to make market purchases (as defined by Section 212 of the 1990 Act) of units of Non-Cumulative Preference Stock of Stg£1 each of the Bank (the “Sterling Preference Stock”) and units of Non-Cumulative Preference Stock of €1.27 each of the Bank (the “euro Preference Stock”) on such terms and conditions and in such manner as the Directors or, as the case may be, the directors of such subsidiary, may from time to time determine but subject, however, to the provisions of the 1990 Act and to the following restrictions and provisions:
  - (i) The maximum number of units of Sterling Preference Stock authorised to be acquired pursuant to the terms of this resolution shall, subject to the proviso hereinafter set out, not exceed 1,876,090 units;
  - (ii) The minimum and maximum prices which may be paid for any such units of Sterling Preference Stock shall be determined in accordance with Bye-Law 40 of the Bye-Laws of the Bank;
  - (iii) The maximum number of units of euro Preference Stock authorised to be acquired pursuant to the terms of this resolution shall, subject to the proviso hereinafter set out, not exceed 3,026,598 units;

- (iv) The minimum and maximum prices which may be paid for any such units of euro Preference Stock shall be determined in accordance with Bye-Law 40 of the Bye-Laws of the Bank;

PROVIDED THAT the nominal value of the units of Ordinary Stock, Sterling Preference Stock and euro Preference Stock acquired pursuant to the terms of this resolution shall not exceed ten per cent. of the nominal value of the issued capital stock of the Bank at any time.

This resolution shall take effect and the authorities hereby conferred shall be effective immediately and shall expire at the close of business on the earlier of the date of the next Annual General Court of the Bank after the passing of this resolution or 20 January 2008 unless previously varied, revoked or renewed in accordance with the provisions of Section 215 of the 1990 Act. The Bank or any such subsidiary may before such expiry enter into a contract for the purchase of units of Ordinary Stock, units of Sterling Preference Stock or units of euro Preference Stock which would or might be wholly or partly executed after such expiry and may complete any such contract as if the authorities conferred hereby had not expired.”.

- 6 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT, for the purposes of Section 209 of the Companies Act, 1990 (the “1990 Act”), the re-issue price range at which any units of treasury stock for the time being held by the Bank in accordance with Section 209 of the 1990 Act may be re-issued off-market shall be determined in accordance with Bye-Law 41 of the Bye-Laws of the Bank.

This resolution shall take effect and the authority hereby conferred shall be effective immediately and shall expire at the close of business on the earlier of the date of the next Annual General Court of the Bank after the passing of this resolution or 20 January 2008 unless previously varied or renewed in accordance with the provisions of Section 209 of the 1990 Act.”.

- 7 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the Directors be and are hereby generally empowered to issue, allot, grant options over or otherwise dispose of Ordinary Stock of the Bank for cash on a non-pre-emptive basis (including the issue of securities convertible into Ordinary Stock) or to agree to do any of the foregoing acts;

PROVIDED THAT the power conferred by this resolution shall:

- (i) be limited to the issue, allotment, grant of options over or other disposal of Ordinary Stock of a nominal amount of €31.1 million, and
- (ii) expire on 20 October 2007 or on the date of the Annual General Court of the Bank in 2007, whichever is the earlier; and

PROVIDED FURTHER THAT any Ordinary Stock which may be issued pursuant to any employee stock issue or stock option scheme approved by a General Court shall be disregarded for the purpose of both the maximum limit and the expiry date set out above.”.

- 8 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the Directors be and are hereby generally empowered to issue, allot, grant options over or otherwise dispose of Ordinary Stock of the Bank otherwise than for cash on a non-pre-emptive basis (including the issue of securities convertible into Ordinary Stock) or to agree to do any of the foregoing acts;

PROVIDED THAT the power conferred by this resolution shall:

- (i) be limited to the issue, allotment, grant of options over or other disposal of Ordinary Stock of a nominal amount, at the date of the passing of the resolution, of the lesser of fifteen per cent. of the issued Ordinary Stock or the authorised but unissued Ordinary Stock in the capital of the Bank, and
- (ii) expire on 20 October 2007 or on the date of the Annual General Court of the Bank in 2007, whichever is the earlier; and

PROVIDED FURTHER THAT any Ordinary Stock which may be issued pursuant to any employee stock issue or stock option scheme approved by a General Court shall be disregarded for the purpose of both the maximum limit and the expiry date set out above.”.

9 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the Directors be and are hereby authorised, pursuant to Bye-Law 119 of the Bye-Laws of the Bank, to exercise the powers contained in the said Bye-Law so that the Directors may offer to the holders of Ordinary Stock in the capital of the Bank the right to elect to receive an allotment of additional Ordinary Stock, credited as fully paid, instead of cash in respect of all or part of any dividend or dividends falling to be declared or paid during the period commencing at the conclusion of the Annual General Court on 21 July 2006 and expiring on the commencement of the Annual General Court to be held in 2011, or such part of such dividend or dividends as the Directors may determine.”

10 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the remuneration of the Non-Executive Directors for the purposes of Bye-Law 73 is confirmed at €1,000,000 and that the Directors shall determine how such remuneration shall be divided among them.”

11 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the Bank of Ireland Group Staff Stock Issue – 2006 Scheme (the “Scheme”), substantially in the form described in Appendix 1 to the Governor’s Letter to Stockholders dated 22 June 2006, and produced to the Annual General Court and signed by the Chairman of the Court for identification purposes, be and is hereby approved, and that the Directors be and are hereby authorised to do all such acts and things necessary to establish and carry the same into effect including the making of any amendments thereto necessary to obtain and maintain approval of the Revenue Commissioners pursuant to the provisions of the Taxes Consolidation Act, 1997, as amended from time to time.”

12 To consider and if thought fit pass the following resolution as a special resolution:-

“THAT the establishment of the Bank of Ireland Group Restricted Stock Plan - 2006 (the “RSP”), and the establishment of a new Bank of Ireland US Employee Trust (the US Employee Trust”) substantially in the form described in Appendix 2 to the Governor’s Letter to Stockholders dated 22 June 2006, and produced to the Annual General Court and signed by the Chairman of the Court for identification purposes, be and is hereby approved, and that the Directors be and are hereby authorised to do all such acts and things necessary to establish and carry the same into effect.”

**By Order**  
**J B Clifford, Secretary**  
**Bank of Ireland**  
**Head Office**  
**Lower Baggot Street**  
**Dublin 2.**

**22 June 2006**

## **Notes**

- I. A Form of Proxy relating to the meeting accompanies this document. To be valid, Forms of Proxy must be returned so as to reach the Registrar, Computershare Investor Services (Ireland) Ltd, either electronically or to P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, no later than 10 a.m. on 19 July 2006.
- II. In accordance with Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 for the purposes of determining which persons are entitled to attend or vote at the Annual General Court and the number of votes which such persons may cast, only those persons on the Register of Members of the Bank at the close of business on 19 July 2006 shall be entitled to attend or vote at the Annual General Court.
- III. The dividend, if approved, will be paid on or after 28 July 2006.
- IV. A holder of Ordinary Stock entitled to attend and vote at the Annual General Court is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Bank.
- V. Holders of the Sterling and euro Preference Stock, although entitled to receive copies of the annual Report and Accounts and Notice of any General Court, are not entitled to attend and vote at this meeting in respect of their holding of such stock.

**Summary of the terms of the Bank of Ireland Group Staff Stock Issue  
– 2006 Scheme (Ireland only)**

Set out below are the principal features of the proposed Bank of Ireland Group Staff Stock Issue – 2006 Scheme (the “2006 SSI”).

It is proposed that the 2006 SSI be established under approved profit sharing legislation and approved by the Revenue Commissioners in Ireland. In order to secure approval for the 2006 SSI from the Revenue Commissioners, it is necessary to include certain features in the Deed and Rules.

The proposed 2006 SSI is an updated version of the Bank of Ireland Group Employee Stock Issue Scheme – 1997 (the “1997 SSI”) approved by the Annual General Court in 1997.

**1 Employee Eligibility**

All Irish resident employees (including executive directors) of participating companies who are subject to Irish income tax under Schedule E and who have been continuously employed for a period of not less than 12 months ending on the last date of the relevant scheme year, and who are still in the employ of the Group on the applicable announcement date, are eligible.

**2 Principal Features of the 2006 SSI**

The 2006 SSI is intended to be a Revenue approved scheme whereby the Group may offer free units of Ordinary Stock to eligible employees annually based on Group performance. The Ordinary Stock is passed to the employee tax free, subject to being held in trust for a period of three years, and is thereby a very tax efficient mechanism for creating employee stock ownership.

The 2006 SSI allows eligible employees to obtain units of Ordinary Stock in the Bank in two ways: by way of free stock and by purchasing matching stock.

• **Free Stock**

Free Stock of up to a maximum of 7.5% of base salary may be awarded to each eligible employee in each tax year and such award may be linked to objective performance criteria as determined by the Directors. The Ordinary Stock must be held in trust for three years and will lose full tax advantage if withdrawn before the third anniversary, except in certain limited circumstances.

• **Matching Stock**

Employees may purchase additional Ordinary Stock up to the value of free stock awarded using money deducted from their pre-tax salary.

An overall cap of €12,700 per year applies to the total value of Ordinary Stock allocated to each participant.

Benefits in the form of free stock or matching stock are not pensionable.

**3 Dividends**

Any moneys received by the trustees by way of dividends on Ordinary Stock allocated to participants will be paid over to participants as the beneficial owners of the Ordinary Stock.

**4 Source of Stock and Limits on Dilution**

4.1 Awards under the 2006 SSI may be satisfied either through the creation of new units of Ordinary Stock or the use of units of Ordinary Stock already in issue, including market purchase and treasury stock.

4.2 The amount of Ordinary Stock which may be subscribed for or purchased pursuant to the 2006 SSI, when added to the amount of Ordinary Stock subscribed for or issued pursuant to the UK Inland Revenue approved Stock Incentive Plan, the proposed Restricted Stock Plan – 2006 for US employees and any other profit sharing scheme established by the Bank or any of its subsidiaries, shall not exceed 1% of the issued ordinary stock in any calendar year.

- 4.3 The amount of stock which may be issued pursuant to the 2006 SSI, when combined with the amount of stock that may be issued or issuable pursuant to all other employee share schemes:
- 4.3.1 may not exceed 5 % of the Issued Ordinary Stock of the Bank for the time being in any 5 year period; and
  - 4.3.2 may not exceed 10% of the Issued Ordinary Stock of the Bank for the time being in any 10 year period.

In calculating the limits in 4.3.1 and 4.3.2 above, no account shall be taken of Ordinary Stock which has been or remains to be issued under one or more of the Bank's broad-based employee stock plans, namely the 2006 SSI, the 1997 SSI, the UK Revenue approved Stock Incentive Plan and the Bank's Save As You Earn Schemes (Ireland and UK), to the extent that Ordinary Stock issued in connection with these plans does not exceed 5%. If they do exceed 5% the excess is included in the above limits.

- 4.4 While the Directors will determine the amount of profits, if any, to be allocated to the 2006 SSI in any year, the amount of profits which may be allocated in any one year may not exceed 5% of the consolidated profits before tax and extraordinary items.

## **5 Adjustments**

Participants' awards will be adjusted in the same way as adjustments are made to stockholders' holdings, in the event of a capitalisation issue, rights issue, open offer, subdivision or consolidation of shares or reduction in capital or other variation of capital.

## **6 General**

No alterations in respect of paragraphs (1), (2), (4) or (5) above, which are to the advantage of any participants in the 2006 SSI, will be made without the prior approval of stockholders in General Court, except for minor amendments to benefit the administration of the 2006 SSI, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Bank or a member of the Group.

**Summary of the terms of the Bank of Ireland Group Restricted Stock Plan  
- 2006 (USA only)**

Set out below are the principal features of the Bank of Ireland Group Restricted Stock Plan (the "RSP") for US employees and the US Employee Trust.

**1 Employee Eligibility**

Employees eligible to participate in the RSP will be those US based employees, including executive Directors and Officers, of the Bank and of any participating subsidiary of the Bank, who are employed by the Bank or one of its participating subsidiaries on the date awards under the RSP are announced and on the date such awards are granted, and who have been in the continuous employment of the Bank or a participating subsidiary for a period of at least 12 months ending on the last day of the relevant RSP year.

**2 Principal Features of the RSP**

Awards under the RSP will be in the form of units of Ordinary Stock of the Bank that are subject to transfer restrictions. RSP participants generally will be restricted from selling the units of Ordinary Stock covered by an award for a period of three years from the date such award is granted, except in certain limited situations including where the employment has terminated by reason of death, disability or retirement after reaching contractual retirement age.

The market value of an award under the RSP will be expressed as a percentage of an eligible employee's basic salary or wage paid in the relevant year. The maximum market value of stock under an award that may be appropriated to any one participant in a year shall not exceed 7.5% of such basic salary or wage. The actual amount awarded will be determined by reference to the percentage of basic salary awarded to employees in Ireland under the 2006 SSI.

Stock awards made under the RSP are not pensionable for participants.

**3 Dividends**

Participants will be eligible to receive, on a current basis, an amount in cash equal to the dividends payable on the stock notionally allocated to them under outstanding awards under the RSP.

**4 Source of Stock and Limits on Dilution**

4.1 Awards under the RSP may be satisfied either through the creation of new units of Ordinary Stock or the use of units of Ordinary Stock already in issue, including market purchase and treasury stock.

4.2 The amount of Ordinary Stock which may be subscribed for or purchased pursuant to the RSP, when added to the amount of Ordinary Stock subscribed for or issued pursuant to the UK Inland Revenue approved Stock Incentive Plan, 2006 SSI and any other profit sharing scheme established by the Bank or any of its subsidiaries, shall not exceed 1% of the issued Ordinary Stock in any calendar year.

4.3 The amount of Ordinary Stock which may be issued pursuant to the RSP, when combined with the amount of Ordinary Stock that may be issued or issuable pursuant to all other employee share scheme

4.3.1 may not exceed 5 % of the Issued Ordinary Stock of the Bank for the time being in any 5 year period; and

4.3.2 may not exceed 10% of the Issued Ordinary Stock of the Bank for the time being in any 10 year period.

In calculating the limits in 4.3.1 and 4.3.2 above, no account shall be taken of Ordinary Stock which has been or remains to be issued under one or more of the Bank's broad-based employee stock plans, namely the RSP, the 2006 Staff Stock Issue, the 1997 Staff Stock Issue, the UK Revenue approved Stock Incentive Plan and the Bank's Save As You Earn Schemes (Ireland

and UK), to the extent that stock issued in connection with these plans does not exceed 5%. If they do exceed 5% the excess is included in the above limits.

- 4.4 While the Directors will determine the amount of profits, if any, to be allocated to the RSP in any year, the amount of profits which may be allocated in any one year to the RSP and to any other similar scheme operated by the Bank may not exceed 5% of the consolidated profits (before tax and extraordinary items).

## **5 Adjustments**

In the event of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction in capital, a demerger, a payment of capital dividend or other variation of capital, participants' awards under the RSP will be adjusted as deemed appropriate by the Group Remuneration Committee.

## **6 Amendments**

No amendment may be made in respect of paragraphs (1), (2), (4) or (5) above to the advantage of participants without the prior approval of stockholders in General Court, except for minor amendments to benefit the administration of the RSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Bank or a member of the Group.

### **A. Summary of the terms of the Bank of Ireland Group US Employee Trust (USA only)**

#### **1 Purpose**

The trust is established under §402(b) of the U.S. Internal Revenue Code and units of Ordinary Stock subject to awards made under the RSP may be held by the trust for the three year vesting period. The trustee keeps a separate account under the trust for each participant in the RSP reflecting the number of units of Ordinary Stock payable under each such employee's RSP awards upon satisfaction of the vesting requirements. The trust's assets are not treated as those of the Bank for any purpose.

#### **2 Location**

The trust will be a US resident trust.

#### **3 Funding**

The Bank and any subsidiaries whose employees are participants in the RSP may contribute funds to the US Employee Trust.

#### **4 Trustees**

The trustee will be a US corporate trustee.

## LOCATION MAP

The O'Reilly Hall is situated inside the main entrance to the campus of University College Dublin, Belfield. Located four miles on the south side of Dublin city centre, the campus is accessible from the Stillorgan Dual Carriageway. Car parking is available in Car Park No. 2.

