



NEWS RELEASE

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Jan 26, 2006

R&I Affirms AAA, Outlook Stable: Ireland

Rating and Investment Information, Inc. (R&I) has affirmed the following ratings:

ISSUER: Ireland
Foreign Currency Issuer Rating
Domestic Currency Issuer Rating

R&I RATING: AAA (Affirmed)
RATING OUTLOOK: Stable

Foreign Currency Short-term Credit Rating
Domestic Currency Short-term Credit Rating

R&I RATING: a-1+ (Affirmed)

RATIONALE:

Ireland has continued its rapid growth, using the creation of an intellectual industrial base in industries such as telecommunications and biotechnology-based pharmaceuticals as a springboard. The labor market has retained flexibility by encouraging women to take on a greater role in society and accepting immigration, inflationary pressures are under control, and industry is maintaining its global competitiveness. As it has gradually shifted its engine of growth from exports to domestic demand since 2001, Ireland has made its economy less susceptible to influence from economic trends in other countries, such as the United States. Because it has moved away from energy-dependent industries, Ireland has mitigated the affect of higher crude oil prices, and strong financial institutions with the ability to weather a recession also are sound. Based on the above factors, R&I has affirmed Ireland's Foreign and Domestic Currency Issuer Rating at AAA. The Rating Outlook is Stable.

Private consumption, which plays a key role in domestic demand, is growing at a steady pace, supported by higher employment reflecting corporate earnings growth, wage increases corresponding to labor productivity improvements, and effective income tax reductions. There also will be a temporary consumption boost effect provided by SSIA (Special Savings Incentive Accounts) maturing between May 2006 and April 2007. Moreover, the ratio of public capital expenditures centered on infrastructure development in the Dublin metropolitan area to gross national product (GNP) remains in excess of 4.8%, double the EU average. On the other hand, private housing investment also is steady, reflecting a strong population growth and a shift towards nuclear families. Real gross domestic product (GDP) in 2006 is expected to expand in the 4%-5% range.

The outlook for the general government fiscal deficit over the next 2-3 years is 0.8% or less as a percentage of GDP. The average age of the population is still young, so the social security burden is light. Nevertheless, to prepare for the future aging of the population, each year the national pension reserve fund will accumulate an amount corresponding to 1% of GNP until 2025. Although the outstanding government debt balance at the end of 2005 was 28.0% of GDP, net government debt considering pension reserve assets was even lower at 19.0% of GDP. The possibility Ireland's current balance will deteriorate as domestic demand expands also has emerged. Currently there are no obstacles to obtaining low-interest deficit financing from the euro zone, and the size of the deficit is expected to be small. Nor are any moves evident that the interest rate hike by the European Central Bank will spread to long-term interest rates such as mortgage loans. Be that as it may, the fact is household debt has risen to a high level, even when viewed

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Ratings are statements of R&I's opinion shown in certain symbols regarding an Issuer's general capacity (credit quality) to repay its financial obligation and individual debts (bonds and loans, etc.) and it is not a statement of recommendations to buy, hold, or sell any securities. Information has been obtained by R&I from sources believed to be reliable, however, its accuracy, adequacy, or completeness is not guaranteed. Therefore, R&I is not responsible for any errors or omissions or the result obtained from the use of the rating. As a general rule, R&I provides the rating services for a rating fee paid by the Issuer.

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internationally, and the economy has become more sensitive to interest rate fluctuations. R&I will continue to follow future interest rate movements.

R&I RATINGS:

ISSUER: Ireland

FOREIGN CURRENCY ISSUER RATING: AAA (Affirmed)

DOMESTIC CURRENCY ISSUER RATING: AAA (Affirmed)

RATING OUTLOOK: Stable

FOREIGN CURRENCY SHORT-TERM CREDIT RATING: a-1+ (Affirmed)

DOMESTIC CURRENCY SHORT-TERM CREDIT RATING: a-1+ (Affirmed)

Issuer Rating is an R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and it will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than Issuer Rating.