



National Treasury Management Agency

Ireland successfully launches new €6 billion bond to re-finance maturing bond.

In its first new bond issue since 2004, Ireland today launched a new benchmark bond, the 4½% Treasury Bond which will mature in October 2018. This new bond will refinance in full a €6 billion bond which is due for repayment on 18 October 2007. The new bond was launched through a syndicate of banks led by Barclays Capital, Davy, Deutsche Bank and HSBC. The amount sold was €6 billion and is the largest syndicated bond transaction by any borrower in Europe to date this year. Demand for the bond was very strong with bids of over €16 billion received from investors.

Ireland has the top grade AAA credit rating from each of the four major credit rating agencies, Standard & Poor's, Moody's, Fitch Ratings, and Rating & Investment Information Inc. These ratings, combined with the scarcity premium for Irish Government bonds due to the fact that Ireland has not had occasion in recent years to borrow significant amounts in the capital markets, were key drivers of demand for the new bond.

The National Treasury Management Agency (NTMA) manages Ireland's national debt. The Chief Executive of the NTMA, Dr. Michael Somers, stated today that the launch of the new bond was extremely successful and that it highlights the confidence investors have in the Irish Government bond market. Dr. Somers also declared that the wide geographic distribution of investors in the bond underlines Ireland's strong profile in the international investment community. 21% of the bonds were sold in the United Kingdom, 21% in Germany/Austria, 16% in France, 9% in Benelux/Switzerland, 8% in Italy, 8% in the Nordic region, 3% in Spain/Portugal and 3% in other countries. Demand from Ireland accounted for 11%. Banks, pension funds, insurance companies and fund managers were the main investors in the bond.

National Treasury Management Agency
16 October 2007

www.ntma.ie

Press Release



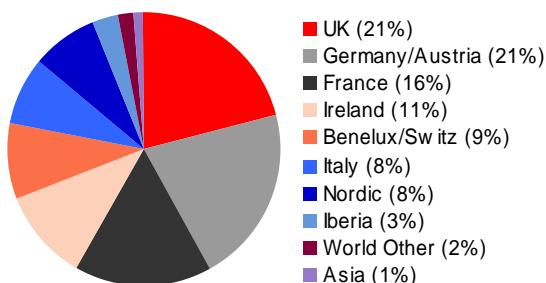
National Treasury Management Agency

€6 billion Irish Government Bond due 18 October 2018

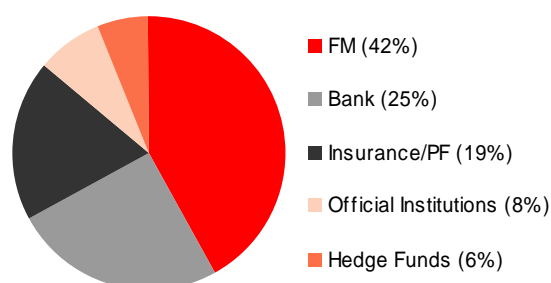
16 October 2007

- Ireland today successfully launched and priced a new syndicated €6bn long 10-year benchmark transaction with a maturity of 18 October 2018.
 - Barclays Capital, Davy Capital Markets, Deutsche Bank and HSBC, acted as joint-lead managers
- This issue marks the first new Irish government bond in three years. This is the Republic of Ireland's debut Euro syndicated benchmark offering, and gives Euro investors rare access to Irish government paper in liquid form at inception.
- The transaction was initially announced as a long-dated benchmark (suggesting a 10 or 15 year maturity) the week previously. Strong feedback from investors led Ireland to proceed with the long 10 year maturity.
- The deal was announced with initial price guidance of "+16bps area" (meaning +15 to +17bps) over the Jul-2017 Bund (approximately midswaps less 19bps at the time), when books opened at 8.15am London time on Monday 15 October, 2007.
- Initial momentum was very strong – the order book grew extremely quickly, driven by real money accounts out of Germany, France, UK & Ireland, reaching more than €10 bn in less than three hours of bookbuilding
- Reflecting the large size and high quality of the orderbook, price guidance was revised to +15 to 16bps. The orderbook continued to grow, finally closing at 2pm London time at over €16 bn with over 150 investors participating – achieved in less than six hours of bookbuilding.
- Well over 2.5 times oversubscribed the orderbook was driven by European fund managers (42%) and banks (25%). By geography, UK (21%), Germany/Austria (21%), and France (16%) dominated, but there was also significant interest from Ireland, Italy and the Nordic region.
- In response to the massive amount of real money demand in the book, a €6 bn benchmark was launched Tuesday morning October 16th and priced at +15bps over the 4.25% Bund July 2017 (the tight-end of revised guidance), the equivalent of midswaps -21bps – in line with Ireland's existing curve.
- This €6 bn issue represents the largest syndicated Sovereign benchmark transaction of 2007. The deal showed immediate strong performance based on follow through buying out of real money accounts, being quoted at +14.75bps later in the same trading session.
- Using this bond issue to refinance the €6 bn redemption due on 18th October 2007, the NTMA's objective was to reach out to a broad investor base and re-engage the real money community in Irish government bonds after a long hiatus – and this issue fully succeeds in doing so.

Distribution by Geography



Distribution by Investor



Republic of Ireland Comment

Dr Michael J. Somers, Chief Executive of the National Treasury Management Agency said "We are delighted with the resounding success of this new bond issue. With more than €16 billion of demand from over 150 investors we were pleased to be able to increase the issue size to € 6 billion – the largest Sovereign issue in the euro markets this year The success of the issue represents a major vote of confidence in the Irish Government bond market on the part of the international investor community."

Barclays Capital Comment

Sean Taor, Managing Director, Syndicate said "This transaction was a resounding success on all levels. The strong response from real money accounts has allowed Ireland to return to the market after an absence of almost 3 years, with a liquid benchmark pricing virtually flat to their curve. Testament to investors demand for their rare and top rated credit."

Davy Capital Markets Comment

"Investor feedback dictated that Ireland's re-emergence as an Issuer in the sovereign market would be through a long ten year maturity. The strong credit story allied to the prospect of good liquidity in the New Issue ensured a very strong bookbuild. The speed of the bookbuild and the varied range of Investors participating was most pleasing. As the only domestic Primary Dealer we were delighted to work with NTMA on this important transaction for Ireland." said Barry Nangle, Director, Head of Bonds, Davy Capital Markets.

Deutsche Bank Comment

Ralph Berlowitz, Managing Director, Head of Liquid Credit Syndicate at Deutsche Bank commented that "thanks to its incredible rarity and high credit quality, Ireland has been able to launch, with impressive speed, a highly successful debut syndicated benchmark. We are encouraged that real money investors seeking diversification away from standard Euro sovereign paper contributed valuable price tension to the process, enabling Ireland to price the largest Euro issue of 2007 to date, for a larger size than originally planned and at the tighter end of the initial spread guidance. This deal marks a successful re-entry of Ireland to the Euro government bond markets and Deutsche Bank is honoured to work with Ireland on their first ever syndicated Euro benchmark."

HSBC Comment

"A long 10 year maturity was chosen on the back of very positive investor feedback received from initial investor soundings. Given Ireland's rarity and strong credit story we were confident of launching a successful transaction, but the speed of the bookbuild and the quality of investors involved pleasantly surprised us. Building a €16bn book in half a day showed how well received this transaction was in the market and we were honoured to work with Ireland on such a strategically important transaction." said Ranajay Roy, Associate Director, Public Sector Capital Markets, HSBC