

22 October 2010

Abbey plc (“Abbey” or “the Company”)

**Proposed Authority to Buy back Ordinary Shares
and Related Matters**

Notice of Extraordinary General Meeting

The Board of Abbey announces that it has determined that it would be in the Company's best interests to put in place an authority to repurchase a proportion of the Company's own shares. The authority being sought would be utilised only when appropriate financial and stock market conditions prevail and when the Board determine that share repurchases are in the interests of the Company and its shareholders as a whole. The Company does not currently have any routine repurchase authority in place, and last repurchased shares in April 2008 under the authority sought and received in November 2007.

As shown in the last audited consolidated financial statements for the Company, as at 30 April 2010, Abbey had €51.8 million in cash and cash equivalents, and €52.1 million in financial investments on the balance sheet.

The Company has examined the merits of a share buy back programme and has concluded that it would be in the interests of shareholders as a whole to provide such a programme. Having a share buy back authority in place would mean that the Company would be in a position to respond to volatile market conditions and enhance liquidity in the Company's shares, whilst enhancing earnings per share. A share buy back programme would also provide shareholders with the flexibility, but without any compulsion, to realise value in respect of all or some of their shareholdings and is a tax efficient method of returning surplus cash to shareholders.

The Company is seeking approval to buy back up to 14.99% of its issued share capital over an eighteen month period. For illustrative purposes, based on the existing market price of €4.25 per Ordinary Share (the last dealt price on the Irish Stock Exchange on 21 October 2010) maximum utilisation of this authority would represent a return of capital of approximately €16.47 million (assuming the repurchase price paid for each Ordinary Share repurchased was 105% of the market price). Whether or not this amount of capital is returned, and the timing of such returns will depend, *inter alia*, on market conditions (in particular shareholder appetite) and the discretion of the Board. Any purchases will be made only from funds not required for other purposes and in the light of prevailing market conditions.

The largest shareholder in Abbey, Gallagher Holdings Limited (“Gallagher Holdings”), which is interested in approximately 41.28% of the existing issued share capital of the Company, is understood to be unlikely to participate in any share buy back programme. Accordingly, waives from the potential obligation under Rule 37 of the Irish Takeover Rules (which obligations would arise where the percentage represented by the relevant shareholder increases by more than 0.05% in any twelve month period by reason of the purchase by the Company of its own shares) for Gallagher Holdings or any persons deemed to be acting in concert with it (which includes for so long as a share buy back is proposed or being implemented under the Takeover Rules, all of the directors of Abbey) to make an offer for the balance of the share capital, has been sought from the Irish Takeover Panel. These waivers have been granted and, subject to various conditions, including the approval of independent shareholders, permits an increase in the percentage represented by the interests of Gallagher Holdings and persons deemed to be acting in concert with it to in aggregate 48.76% (or 48.77% including the Abbey directors) (assuming full utilisation of the buy back authority).

A document containing further details on the proposed buy back authority and on the waivers, and convening an extraordinary general meeting of the Company, is being posted to shareholders today and will be available in printed form until 17 November 2010 from the registered offices of the Company at 25/28 North Wall Quay, Dublin 1, Ireland and at the head office of the Company at Abbey House, 2 Southgate Road, Potters Bar, Herts EN6 5DU, United Kingdom.

The Extraordinary General Meeting will be held at Dunboyne Castle Hotel, Dunboyne, Co. Meath, Ireland at 9.30 a.m. on 17 November 2010.

For Reference:

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