

26 October, 2007

**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 the 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 July, 2006 under the authority sought and received in June, 2005.

Having share buy back authority in place would mean that the Company would be in a position to respond to volatile market conditions such as those which occurred during the month of September, 2007 when Abbey's share price depreciated by approximately 26%, and to help stimulate liquidity in the Company's shares, while also 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 €6.95 per Ordinary Share (the last dealt price on the Irish Stock Exchange on 24 October, 2007) maximum utilisation of this authority would represent a return of capital of approximately €31,689,619.97 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 35.09% of the existing issued share capital of the Company, is understood to be unlikely to participate in any share buy back programme. Accordingly, waivers 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 41.449% (or 41.524% 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 waiver, and convening an extraordinary general meeting of the Company, is being posted to Shareholders today and will be available for collection for one month from the registered offices of the Company at 26/28 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 The Conrad Hotel, Earlsfort Terrace, Dublin 2 Ireland, at 10.30 a.m. on 19 November, 2007.

**For Reference:**

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