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23 August, 2012

**Abbey plc (“Abbey” or “the Company”)**

**Publication of Response Document from the Independent Directors of Abbey in respect of the Unconditional Mandatory Offer by Gallagher Holdings Limited (“Gallagher Holdings”) for the entire issued and to be issued ordinary share capital of Abbey not already owned by Gallagher Holdings**

Abbey announces that the Independent Directors of Abbey, being all of the Directors of Abbey other than Messrs. Charles Gallagher and David Gallagher, have today written to Shareholders setting out a response (“Response Document”) to the unconditional Mandatory Offer by Gallagher Holdings to purchase the whole of the issued and to be issued share capital not already owned by Gallagher Holdings (“Mandatory Offer”).

The terms of the Mandatory Offer, together with a number of Company specific and macro factors, have caused the Independent Directors to conclude that it is not possible to give a firm recommendation to all Shareholders to accept or reject the Mandatory Offer and that it is more appropriate for them to set out the arguments for acceptance and for rejection of the Mandatory Offer.

In particular, the Independent Directors are of the view that since the Mandatory Offer envisages a broadly unchanged continuation of the operations, business strategy, employment conditions and management of the Abbey Group, together with, in certain circumstances retention of the listing of the Company’s shares, it may accommodate those Shareholders who wish to remain invested in Abbey, alongside Gallagher Holdings. Conversely for those Shareholders concerned about, *inter alia*, a diminution in liquidity or in value in the Company’s shares following the completion of the Mandatory Offer and/or wishing to realise all or some of their investment in Abbey at a premium to the Pre-Announcement Market Price of £4.68 per share, acceptance of the Mandatory Offer may be advisable.

The key considerations which the Independent Directors believe Shareholders should have regard to in deciding what action should be taken in respect of the Mandatory Offer are as follows:

- The Offer Price of £5.30 represents a premium of approximately 13.2% to the Pre-Announcement Market Price but a discount of 16.0% to the NAV per share (based on the net assets shown in the 30 April, 2012 balance sheet).
- The Mandatory Offer is already unconditional as Gallagher Holdings owns more than 50% of the Existing Issued Share Capital. Under the Irish Takeover Rules, Gallagher Holdings will be permitted to increase their holding without incurring any further obligation to make any offer. To the extent that the free float of the Company is further reduced whether as a result of acceptances under the Mandatory Offer or market acquisitions by Gallagher Holdings, this would be expected to have an adverse impact on liquidity in the market for Abbey Shares.
- Gallagher Holdings has long been the largest shareholder in Abbey and Charles Gallagher has been Executive Chairman since 1993. Gallagher Holdings has indicated that it does not envisage any changes to the Abbey Group’s management, employees, operations or strategic plans. However Gallagher Holdings will be able to exercise significant influence over Abbey, whether or not it acquires any further Abbey Shares.
- Gallagher Holdings has indicated that it does not currently intend to seek the de-listing of Abbey Shares and that it considers the de-listing to be a matter for the board of directors

of Abbey. The Independent Directors consider the quotation of Abbey on ESM and AIM to be of value and would not expect to support its cancellation following completion of the Mandatory Offer unless the compulsory acquisitions had also become applicable. If the Ordinary Shares ceased to be quoted, their marketability would be very limited.

Further more detailed information on the factors of relevance to Shareholders in deciding what action should be taken in respect of the Mandatory Offer is set out in the Response Document. The Independent Directors have been advised by Davy Corporate Finance. In providing its advice Davy Corporate Finance has taken into account the commercial assessments of the Independent Directors.

The Response Document containing the letter from the Independent Directors has been issued in accordance with Rules 25 and 30.3 of the Irish Takeover Rules. The Response Document may be viewed on the Abbey website, at [www.abbeyplc.ie](http://www.abbeyplc.ie).

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The Independent Directors of Abbey accept responsibility for the information contained in this announcement, except that the only responsibility accepted by them in respect of the information contained in this announcement relating to Gallagher Holdings and the directors of Gallagher Holdings or persons connected with them, which has been compiled from published sources, is to ensure that such information has been correctly and fairly reproduced and presented. To the best of the knowledge and belief of the Independent Directors of Abbey (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Davy Corporate Finance and J&E Davy (together “Davy”), which are authorised and regulated in Ireland by the Central Bank of Ireland are acting for the Independent Directors in relation to the Mandatory Offer and accordingly will not be responsible to anyone else for providing the protections afforded to its clients nor for providing advice in connection with the Mandatory Offer or any other matter referred to in this announcement or in the circular.

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise. The distribution of this announcement in jurisdictions outside Ireland or the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

**DISCLOSURE REQUIREMENTS UNDER THE IRISH TAKEOVER RULES**

**Rule 2.10 disclosure**

In accordance with Rule 2.10 of the Irish Takeover Rules, Abbey confirms that it has 21,525,578 Ordinary Shares of nominal value €0.32 each in issue and admitted to trading on the Enterprise Securities Market of the Irish Stock Exchange and the Alternative Investment Market of the London Stock Exchange. The ISIN code for Abbey Ordinary Shares is IE0000020408.

## Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Rules if any person is, or becomes, 'interested' (directly or indirectly) in, 1 percent, or more of any class of 'relevant securities' of Abbey or Gallagher Holdings all 'dealings' in any 'relevant securities' of Abbey or Gallagher Holdings (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by not later than 3:30 pm (Dublin time) on the business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes effective or on which the 'Offer period' otherwise ends. If two or more persons co-operate on the basis of any agreement, either express or tacit, either oral or written, to acquire an 'interest' in 'relevant securities' of Abbey or Gallagher Holdings they will be deemed to be a single person for the purpose of Rule 8.3 of the Irish Takeover Rules.

Under the provisions of Rule 8.1 of the Irish Takeover Rules, all 'dealings' in 'relevant securities' of Abbey or Gallagher Holdings or 'relevant securities' of Abbey or Gallagher Holdings Limited, or by any of their respective 'associates' must also be disclosed by no later than 12 noon (Dublin time) on the business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed can be found on the Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie).

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Irish Takeover Rules, which can also be found on the Irish Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a dealing under Rule 8, please consult the Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie) or contact the Panel on telephone number +353 1 678 9020; fax number +353 1 678 9289.

A copy of this announcement will be made available on the Company's website at [www.abbeyplc.ie](http://www.abbeyplc.ie) as soon as possible.

The relevant bases of calculation and sources of information in this announcement are as set out in the Response Document.

The following expressions used in this announcement have the following meanings:

"Abbey" or "the Company"	Abbey plc;
"Abbey Group" or "the Group"	Abbey, its subsidiaries and associated undertakings;
"Abbey Shares"	the existing and allotted or issued fully paid Ordinary Shares and any further such shares which may be allotted or issued prior to the date on which the Mandatory Offer closes (or such earlier time(s) and/or date(s) as Gallagher Holdings may, subject to the Irish Takeover Rules, decide);
"AIM"	the Alternative Investment Market of the London Stock Exchange;
"Board" or "Directors" or "Abbey Directors"	the directors of Abbey, being the Independent Directors and Messrs. Charles and Davy Gallagher;
"ESM"	the Enterprise Securities Market of the Irish Stock Exchange;
"Existing Issued Share Capital"	the 21,525,578 Ordinary Shares in issue on 22 August, 2012 (being the latest practicable date prior to the issue of this announcement);
"Gallagher Holdings" or "GHL"	Gallagher Holdings Limited, a private limited company incorporated in England;
"Gallagher Directors"	members of the Gallagher family who are directors of Abbey, being Mr Charles Gallagher (Executive Chairman of Abbey) and Mr David Gallagher (a Non-Executive Director of Abbey);
"Independent Directors"	the directors of the Company other than the Gallagher Directors;

"Mandatory Offer" or "Offer"	the unconditional mandatory offer made by Gallagher Holdings to acquire the entire issued and to be issued ordinary share capital of Abbey (other than the Abbey Shares already held by Gallagher Holdings) on the terms set out in the Offer Document;
"Net Asset Value" or "NAV"	means the value of the Company's total equity in the consolidated balance sheet;
"Offer Document"	the document issued by Gallagher Holdings on 17 August, 2012 setting out the terms of the Mandatory Offer;
"Offer Price"	£5.30 per Abbey Share;
"Ordinary Shares"	ordinary shares of nominal value €0.32 each in the capital of Abbey;
"Panel" or "Irish Takeover Panel"	the Irish Takeover Panel established under the Irish Takeover Panel Act 1997;
"Pre-Announcement Market Price"	the Closing Price of an Abbey Share as at the close of business on 31 July, 2012, the last business day prior to the issue by Gallagher Holdings of the announcement of the Mandatory Offer;
"Response Document"	the document to Shareholders from the Independent Directors dated 23 August, 2012;
"Shareholders"	holders of Ordinary Shares; and
"Takeover Rules" or "the Rules"	the Irish Takeover Panel Act 1997, Takeover Rules, 2007 (as amended).

ENDS