



## **Proposed Disposal of the M&T Shareholding**

**7th October 2010**

### **Pricing of Public Offering of Contingent Mandatorily Exchangeable Notes**

DUBLIN, Ireland (October 6, 2010) – Allied Irish Banks, p.l.c. (“AIB”) [NYSE:AIB] announces that it has priced a public offering of 26,700,000 contingent mandatorily exchangeable notes (“Notes”) due November 15, 2010, in connection with the proposed disposal of its approximately 22.4 per cent shareholding in M&T Bank Corporation (“M&T”) at a price of US\$77.50 per Note, raising net proceeds of approximately US\$2.0 billion (€1.5 billion) (1). Subject to AIB shareholder approval and certain other conditions, each Note will be mandatorily exchangeable for one share of M&T common stock (“M&T Share”) currently owned by AIB. AIB intends to hold an extraordinary general meeting on November 1, 2010 to seek shareholder approval.

The proposed disposal is also expected to generate approximately €0.9 billion (1) of equivalent equity capital. The Board of AIB intends to use the equivalent equity capital generated from the proceeds of the proposed disposal to meet part of AIB’s revised Prudential Capital Assessment Review requirement of €10.4 billion. The net cash proceeds will be used as an additional source of liquidity to support AIB’s business activities.

The carrying value of AIB’s shareholding in M&T as at June 30, 2010, as disclosed in AIB’s 2010 half-yearly financial report (unaudited), was €1,750 million (\$2,147 million as at that date). In the six months to June 30, 2010, AIB reported a total contribution from its shareholding in M&T of €237 million, as disclosed in AIB’s 2010 half-yearly financial report (unaudited). This was comprised of a) AIB’s share of M&T’s after tax profit in the three months to March 31, 2010 which amounted to €24 million (M&T was designated a discontinued operation from that date) and b) a total impairment writeback for the six months of €213 million.

M&T is a New York Stock Exchange-listed commercial banking business based in Buffalo, New York, with significant businesses in New York, Maryland, Pennsylvania and other eastern states. As at June 30, 2010, M&T, on a US GAAP basis (unaudited), reported consolidated total assets of US\$68.2 billion, deposits of US\$47.5 billion and shareholders’ equity of US\$8.1 billion.

A shareholder circular (“Circular”) setting out the reasons for and background to the disposal will be distributed to AIB shareholders upon approval of the Irish Stock Exchange and the United Kingdom Listing Authority.

Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. are acting as underwriters and joint bookrunning managers for the Notes offering.

### **Additional Information**

AIB has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for the offering to which this communication relates, and M&T has filed a

registration statement on Form S-3 (including a prospectus) for the offering to which this communication relates. Before you invest, you should read the AIB preliminary prospectus supplement dated October 5, 2010, the accompanying prospectus dated June 2, 2008 and the other documents we have filed with the SEC for more complete information about AIB and this offering, and the M&T preliminary prospectus supplement dated October 5, 2010, the accompanying prospectus dated November 26, 2008 and the other documents M&T has filed with the SEC for more complete information about M&T. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, AIB, M&T, any underwriter or any dealer participating in the offering will arrange to send you the prospectuses if you request them by contacting Morgan Stanley, 180 Varick Street #2F, New York, New York 10014, Attention: Prospectus Department (email: [prospectus@morganstanley.com](mailto:prospectus@morganstanley.com)), telephone 1-866-718-1649 or Citi, Brooklyn Army Terminal, 140 58th Street, Brooklyn, New York 11220, Attention: Prospectus Department, (800) 831-9146 (email: [batprospectusdept@citi.com](mailto:batprospectusdept@citi.com)).

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Notes

1. converted at a rate of US\$1.3856 to €1

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*This announcement contains “forward-looking statements”, within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended) regarding the belief or current expectations of AIB, AIB’s Directors and other members of its senior management about AIB’s business, and the transaction described in this announcement. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions identify forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of AIB and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements.*

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