



# **Direct Line Insurance Group plc**

## **Notice of Annual General Meeting to be held on Thursday 9 May 2019**

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or transferred all of your shares in Direct Line Insurance Group plc (the "Company"), you should pass this Notice of Annual General Meeting (the "Notice") and accompanying documents (except any personalised form of proxy) to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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# Direct Line Insurance Group plc

## LETTER FROM THE CHAIRMAN

**2 April 2019**

Dear Shareholder

### **Annual General Meeting (“AGM”)**

I am pleased to enclose the Notice of Meeting for the Company’s 2019 AGM (the “Notice”). The AGM will be held at the offices of Deloitte LLP, 2 New Street Square, London, EC4A 3BZ on Thursday, 9 May 2019 at 11.00 a.m. The AGM provides an opportunity for you to communicate with your Directors.

The Notice sets out the resolutions to be proposed, together with explanatory notes and general notes for shareholders who wish to give proxy voting instructions electronically or by post. Proxy appointment forms are also enclosed. If you have requested a printed copy of the Company’s annual report and accounts for the year ended 31 December 2018 (the “Annual Report & Accounts”), it has been included in this pack.

If you asked to receive the Annual Report & Accounts electronically or did not return the election card previously sent to you with your Welcome Pack on becoming a shareholder, please accept this letter as notification that the Company’s Annual Report & Accounts have now been published on the Investor section of our website: [www.directlinegroup.co.uk/en/investors](http://www.directlinegroup.co.uk/en/investors).

### **Election and re-election of Directors**

Further to our announcements in August 2018 and February 2019, Paul Geddes will be stepping down as Chief Executive Officer (“CEO”) and from the Board at the conclusion of the AGM. Accordingly, he is not standing for re-election. On behalf of shareholders, the Board and all employees, I would like to thank Paul for his leadership over the last decade. Penny James, currently our Chief Financial Officer, will, subject to her re-election by shareholders at the AGM, take over from Paul as CEO. Since joining us 18 months ago, Penny has demonstrated leadership, energy and deep strategic thinking. The Board considers her to be ideally suited to leading the delivery of the Group’s short-term strategic imperatives, including technological and business transformation, and the development of the next stage of our strategy over the longer term.

Clare Thompson has decided to step down at the conclusion of the AGM, having served as a Non-Executive Director for over six years, including two years as Chair of the Remuneration Committee. Clare has been a Non-Executive Director since our IPO. Her experience and wisdom have been invaluable in helping the Board and senior management to deliver excellent results for shareholders and customers.

We welcomed Fiona McBain to the Board on 1 September 2018 as a Non-Executive Director and she will be standing for election for the first time. The remaining members of your Board are all standing for re-election.

Biographical details of all of the Directors standing for election or re-election are provided in the explanatory notes to the relevant resolutions, and in the Annual Report & Accounts. The Board has assessed the performance and time commitments of all of the Directors standing for election or re-election at the AGM and recommends that shareholders vote in favour of those resolutions.

### **Final Dividend and Special Interim Dividend**

You will see in resolution 3 in the Notice that the Board is recommending a final dividend for the year ended 31 December 2018 of 14.0 pence per share, which, subject to approval by shareholders, will become due and payable on 16 May 2019 to shareholders named on the Register of Members at the close of business on 5 April 2019, provided that the Board may cancel the dividend and therefore payment of the dividend at any time prior to payment, if it considers it necessary to do so for regulatory capital purposes. In addition, the Board has authorised the payment of a special interim dividend of 8.3 pence per share, also payable on 16 May 2019 to shareholders named on the Register of Members at the close of business on 5 April 2019. As this is an interim dividend, the Board may cancel the dividend at any time prior to payment and it is not subject to shareholder approval; therefore, a shareholder resolution to approve the special interim dividend is not required nor included in the Notice.

### **The business we shall consider at the AGM**

The resolutions are standard matters that are normally dealt with at a listed company’s AGM, except resolutions 21 and 22 which are designed to provide additional flexibility to the Company in managing and raising capital.

Shareholders will recall that for the last two years we have requested shareholder approval for the Company to issue Solvency II compliant restricted tier 1 capital instruments ("Solvency II RT1 Instruments"). In December 2017 the Directors used the authority granted at the 2017 AGM for the issue of Solvency II RT1 Instruments with a nominal value of £350 million. The Directors have not used the authority granted at the 2018 AGM. The 2018 authority expires at the end of this AGM and we are seeking revised authorities (in resolutions 21 and 22) to allow the Company to have continued flexibility to issue further Solvency II RT1 Instruments to manage and maintain its and the Group's capital more effectively. Capital sourced in this way contributes towards the Group's Solvency II capital requirements.

A key feature of Solvency II RT1 Instruments is that they would automatically convert into shares (1) if at any time the amount of relevant Solvency II Own Funds were to fall below the level necessary to exceed (a) any relevant Minimum Capital Requirement or (b) 75% of any relevant Solvency Capital Requirement or (2) if we were to breach any relevant Solvency Capital Requirement and fail to remedy that breach within three months. If one of those triggers were to occur, the £350 million Solvency II RT1 Instruments we issued in December 2017 would convert into approximately 137 million shares (based on the current conversion price).

More information is available on these resolutions in the explanatory notes of this document.

### **Questions on the business of the meeting**

If you are unable to attend the meeting but have any questions on the business to be discussed, we would like to hear from you ahead of the meeting. Please send your questions to me, care of the Company Secretary, at Direct Line Insurance Group plc, Churchill Court, Westmoreland Road, Bromley, BR1 1DP or by email to [shareholderenquiries@directlinegroup.co.uk](mailto:shareholderenquiries@directlinegroup.co.uk).

### **Your vote counts**

Your vote is important to us. You can vote by: submitting your proxy instruction online; signing and returning your proxy form; or by attending and voting at the AGM. Voting instructions are set out in the notes on pages 8 and 9. All resolutions will be put to a vote on a poll. Your Directors believe that this will result in a more accurate reflection of the views of shareholders and ensure that their votes are recognised whether or not they are able to attend the meeting. On a poll, each shareholder has one vote for every share held.

The voting results will be announced to the London Stock Exchange and published on our website at [www.directlinegroup.co.uk/en/investors/regulatory-news](http://www.directlinegroup.co.uk/en/investors/regulatory-news) following the conclusion of the meeting.

### **Recommendation**

Your Board of Directors believes the resolutions to be proposed at the AGM will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend you vote in favour of them, as they intend to do in respect of their own beneficial shareholdings.

The Board and I look forward to meeting as many of you as possible at our AGM and we thank you for your continued support.



**Michael N Biggs**

Chairman

## AGM INFORMATION

**Thursday, 9 May 2019 at 11.00 a.m.**

**The offices of Deloitte LLP, 2 New Street Square, London, EC4A 3BZ**

### Time

The meeting will start at 11.00 a.m. Please arrive no later than 10.45 a.m. for registration.

### Refreshments

Tea and coffee will be served from 10.20 a.m.

### Venue

The meeting will be held on Thursday, 9 May 2019 at the offices of Deloitte LLP, 2 New Street Square, London EC4A 3BZ. If you have any queries regarding the venue, please contact Deloitte LLP's reception desk by telephone on +44 (0)20 7007 5401.

### Shareholders with special needs

There is wheelchair access to the venue and we have arranged for induction loop facilities to be available.

### Transport and directions to the venue

On foot:

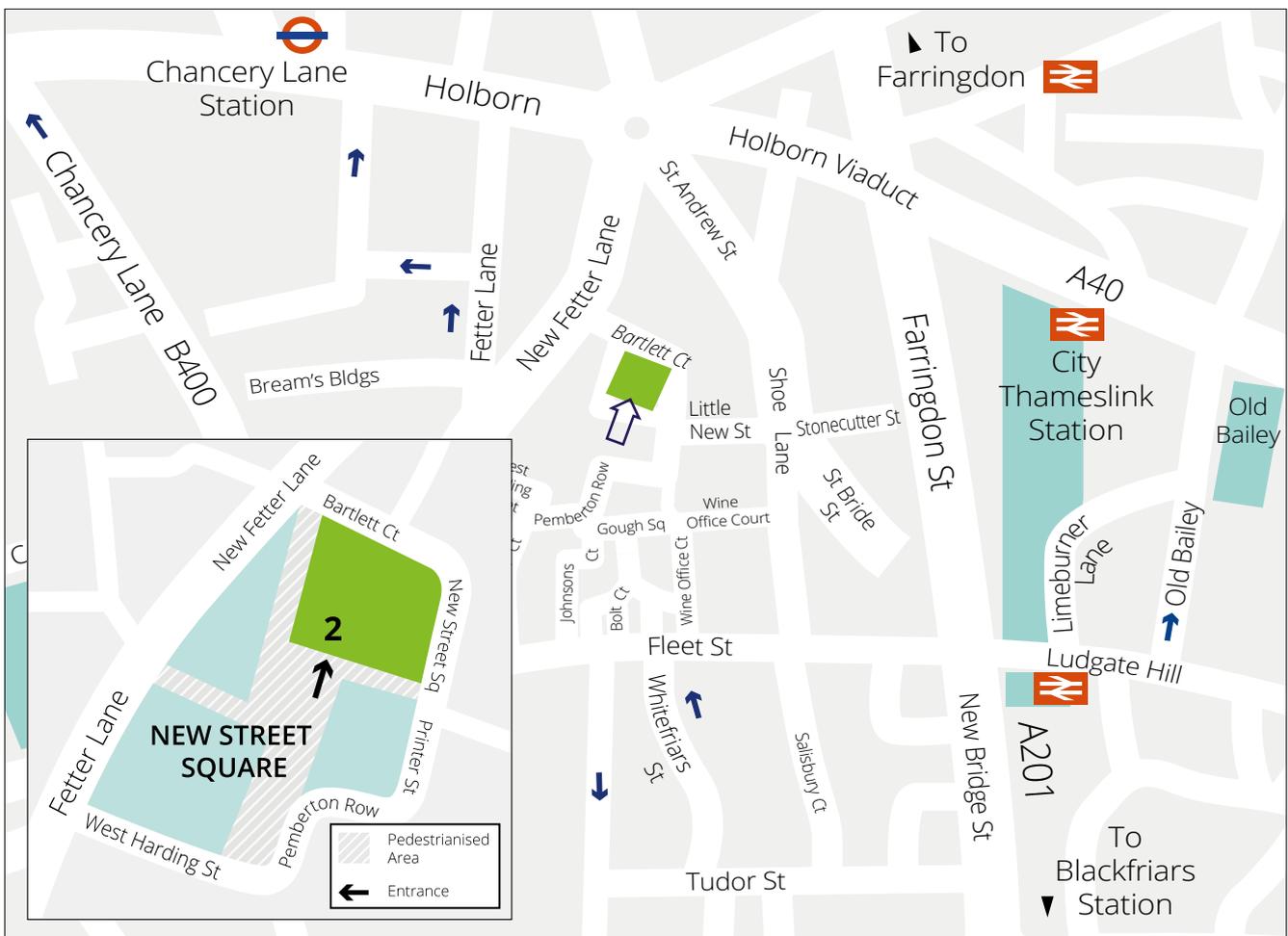
New Street Square is a small pedestrianised square in the middle of an 'island' of 4 office buildings bounded by New Fetter Lane, Bartlett Court, New Street Square (a road in this instance), Printer Street, East Harding Street, Pemberton Row, West Harding Street and Fetter Lane. The entrance to Deloitte LLP, 2 New Street Square, is on the North East corner of this pedestrianised square, to the right of The Refinery wine bar.

By underground:

There are several stations nearby on different lines: Farringdon is served by Hammersmith & City, Circle and Metropolitan lines; Chancery Lane is on the Central Line; and Blackfriars on the District and Circle Lines. Each of these stations are a little under 10 minutes' walk away from the venue.

By Rail:

City Thameslink (served by Thameslink and Southeastern) is 5 minutes' walk away. Farringdon (First Capital Connect) and Blackfriars (Thameslink and Southeastern) stations are a little under 10 minutes' walk away from the venue.



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**NOTICE** is hereby given that the Company's AGM will be held at the offices of Deloitte LLP, 2 New Street Square, London EC4A 3BZ on Thursday, 9 May 2019 at 11.00 a.m. to transact the business set out in the resolutions below.

Resolutions 1 to 17 (inclusive) and 21 will be proposed as ordinary resolutions and resolutions 18 to 20 (inclusive), 22 and 23 will be proposed as special resolutions.

## **Ordinary Resolutions:**

### **Resolution 1 – Receipt of the report and accounts**

THAT the audited accounts of the Company for the year ended 31 December 2018 together with the reports of the Directors and of the Auditor be and are hereby received.

### **Resolution 2 – Approval of the Directors' remuneration report**

THAT the Directors' remuneration report (excluding the Directors' remuneration policy) set out on pages 88 to 117 of the Annual Report and Accounts be and is hereby approved.

### **Resolution 3 – Dividend declaration**

THAT a final dividend of 14.0 pence per ordinary share be and is hereby declared payable on 16 May 2019 to shareholders named on the Register of Members at the close of business on 5 April 2019, provided that the Board may cancel the dividend and therefore payment of the dividend at any time prior to payment, if it considers it necessary to do so for regulatory capital purposes.

### **Resolution 4 – Re-election of Director**

THAT Mike Biggs be and is hereby re-elected as a Director of the Company.

### **Resolution 5 – Re-election of Director**

THAT Danuta Gray be and is hereby re-elected as a Director of the Company.

### **Resolution 6 – Re-election of Director**

THAT Mark Gregory be and is hereby re-elected as a Director of the Company.

### **Resolution 7 – Re-election of Director**

THAT Jane Hanson be and is hereby re-elected as a Director of the Company.

### **Resolution 8 – Re-election of Director**

THAT Mike Holliday-Williams be and is hereby re-elected as a Director of the Company.

### **Resolution 9 – Re-election of Director**

THAT Penny James be and is hereby re-elected as a Director of the Company.

### **Resolution 10 – Re-election of Director**

THAT Sebastian James be and is hereby re-elected as a Director of the Company.

### **Resolution 11 – Election of Director**

THAT Fiona McBain be and is hereby elected as a Director of the Company.

### **Resolution 12 – Re-election of Director**

THAT Gregor Stewart be and is hereby re-elected as a Director of the Company.

### **Resolution 13 – Re-election of Director**

THAT Richard Ward be and is hereby re-elected as a Director of the Company.

### **Resolution 14 – Re-appointment of the Auditor**

THAT Deloitte LLP be and is hereby re-appointed as the Company's Auditor until the next AGM.

### **Resolution 15 – Authority to agree the Auditor's remuneration**

THAT the Audit Committee of the Board be and is hereby authorised to agree the remuneration of the Auditor.

### **Resolution 16 – Political donations and expenditure**

THAT in accordance with section 366 of the Companies Act 2006 the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect are authorised to:

- (a) make political donations to political parties or independent election candidates, not exceeding £100,000 in total;
- (b) make political donations to political organisations other than political parties, not exceeding £100,000 in total; and
- (c) incur political expenditure not exceeding £100,000 in total,

provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000, during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 30 June 2020.

For the purpose of this resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Companies Act 2006.

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## NOTICE *continued*

### **Resolution 17 – Authority to allot new shares**

THAT

- i) the Directors be authorised to allot shares in the Company, or grant rights to subscribe for or to convert any security into shares in the Company:
  - a) in accordance with article 7 of the Company's articles of association (the "Articles") up to a maximum nominal amount of £50,000,000 (such amount to be reduced by the nominal amount of any equity securities (as defined in article 8 of the Articles) allotted under paragraph b) below in excess of £50,000,000); and
  - b) comprising equity securities (as defined in article 8 of the Articles) up to a maximum nominal amount of £100,000,000 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph a) above) in connection with an offer by way of a rights issue (as defined in article 8 of the Articles);
- ii) this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 30 June 2020;
- iii) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date); and
- iv) this authority is in addition to any authority conferred by Resolution 21 (authority to allot new shares in relation to an issue of Solvency II RT1 Instruments).

### **Special Resolutions:**

#### **Resolution 18 – General authority to disapply pre-emption rights**

THAT

- i) in accordance with article 8 of the Company's articles of association (the "Articles"), the Directors be given power to allot equity securities for cash;
- ii) the power under paragraph i) above (other than in connection with a rights issue, as defined in article 8 of the Articles) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £7,500,000; and
- iii) this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution, or, if earlier, at the close of business on 30 June 2020.

### **Resolution 19 – Additional authority to disapply pre-emption rights**

THAT

- i) in addition to any authority granted under Resolution 18, the Directors be given power:
  - a) subject to the passing of Resolution 17, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under section 551 of that Act; and
  - b) to allot equity securities as defined in section 560(3) of that Act (sale of treasury shares) for cash,

in either case as if section 561 of that Act did not apply to the allotment or sale, but this power shall be:

- (A) limited to the allotment of equity securities up to a maximum nominal amount of £7,500,000; and
  - (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice;
- ii) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 30 June 2020; and
  - iii) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

#### **Resolution 20 – Authority to purchase own shares**

THAT, in accordance with section 701 of the Companies Act 2006, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares on such terms and in such manner as the Directors of the Company may determine, subject to the following conditions:

- i) the maximum number of ordinary shares hereby authorised to be purchased shall be 137,500,000;
- ii) the minimum price (exclusive of expenses) which may be paid for an ordinary share is the nominal value of that share;
- iii) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:

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## NOTICE *continued*

- a) an amount equal to 105% of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day on which the ordinary share is contracted to be purchased; and
- b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;
- iv) the authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 30 June 2020;
- v) a contract to purchase ordinary shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority; and
- vi) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

### **Ordinary Resolution:**

#### **Resolution 21 – Authority to allot new shares in relation to an issue of Solvency II RT1 Instruments**

THAT, in addition to the authority granted pursuant to Resolution 17 (authority to allot new shares), the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- i) up to an aggregate nominal amount of £23,250,000 in relation to any issues of Solvency II RT1 Instruments where the Directors consider that such an issuance of Solvency II RT1 Instruments would be desirable, including in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory requirements or targets applicable to the Group from time to time; and
- ii) subject to applicable law and regulation, at such allotment, subscription or conversion prices (or such maximum or minimum allotment, subscription or conversion price methodologies) as may be determined by the Directors from time to time.

Unless previously renewed, revoked or varied, the authority conferred by this resolution shall apply in addition to all other authorities under section 551 of the Companies Act 2006 until the conclusion of the next AGM of the Company after the date on which this resolution is passed or, if earlier, the

close of business on 30 June 2020, but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to be granted after the authority expires and the Directors of the Company may allot shares or grant such rights under such an offer or agreement as if the authority conferred hereby had not expired.

### **Special Resolutions:**

#### **Resolution 22 – Disapplication of pre-emption rights in relation to an issue of Solvency II RT1 Instruments**

THAT, subject to the passing of Resolution 21, the Directors be generally empowered, pursuant to section 570 of the Companies Act 2006, to allot equity securities (as such phrase is defined in section 560 (1) of the Companies Act 2006 and is to be interpreted in accordance with section 560(2) of the Companies Act 2006) for cash pursuant to the authority granted by Resolution 21 up to an aggregate nominal amount of £23,250,000 in relation to any issues of Solvency II RT1 Instruments, free of the restriction in section 561 of the Companies Act 2006.

Unless previously renewed, revoked or varied, the power conferred by this resolution shall apply until the conclusion of the next AGM of the Company after the date on which this resolution is passed or, if earlier, the close of business on 30 June 2020, but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under such an offer or agreement as if the power conferred hereby had not expired.

This authority is in addition to the authorities conferred by Resolutions 18 (general authority to disapply pre-emption rights) and 19 (additional authority to disapply pre-emption rights).

#### **Resolution 23 – Notice period for general meetings other than an AGM**

THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By Order of the Board

Roger C Clifton  
Company Secretary  
2 April 2019

# Direct Line Insurance Group plc

## GENERAL NOTES

### Appointment of proxy

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC (the "Registrar") on +44 (0)370 873 5880.
2. To be valid, any proxy form or other instrument appointing a proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received at the office of the Registrar (Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY) or at the electronic address provided in Note 6, in each case no later than 11.00 a.m. on Tuesday, 7 May 2019.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Note 8) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so. You must inform the Company's Registrar in writing of any termination of the authority of a proxy.

### Nominated persons

4. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in these Notes can only be exercised by shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investment in the Company.

### Electronic submission of proxy form

6. It is possible for you to submit your proxy votes via the internet. You can do so by visiting [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will require the control number, your unique PIN and Shareholder Reference Number ("SRN").

This information can be found on your form of proxy, or if you receive communications from us electronically, voting information will be contained within your email broadcast.

### CREST electronic proxy voting

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID number 3RA50) by no later than 11.00 a.m. on Tuesday, 7 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 as invalid.

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## GENERAL NOTES *continued*

### **The Company's total voting rights**

11. As at 14 March 2019 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 1,375,000,000 ordinary shares, all carrying one vote each. Therefore, the total number of voting rights in the Company as at 14 March 2019 was 1,375,000,000. No shares are held in treasury.

### **Corporate representatives**

12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

### **Attendance**

13. Only those shareholders registered in the Register of Members of the Company as at 8.00 p.m. on **Tuesday, 7 May 2019** shall be entitled to attend and vote at the meeting in person or by proxy in respect of the number of shares registered in their names at that time (or, in the event of any adjournment, at the time which is not more than 48 hours before the time of the adjourned meeting (disregarding non-business days)). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

14. Any member attending the meeting in person or by proxy has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### **Audit Statements**

15. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual reports and accounts were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006, and it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes

any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### **Notice of Annual General Meeting**

16. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.directlinegroup.co.uk/AGM](http://www.directlinegroup.co.uk/AGM)

### **Inspection of documents**

17. Copies of the following documents will be available for inspection at the registered office of the Company on any weekday (excluding Saturdays, Sundays and public holidays) during normal office hours from the date of this Notice until the date of the AGM and at the offices of Deloitte LLP, 2 New Street Square, London EC4A 3BZ for 15 minutes prior to and during the meeting:

- i) the service contract of each Executive Director; and
- ii) the letter of appointment of each Non-Executive Director.

18. You may not use any electronic address provided either in this Notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those stated.

## THE BUSINESS OF THE AGM – EXPLANATORY NOTES

### **Resolution 1 – Receipt of the report and accounts**

The Directors must lay before the shareholders the reports and accounts of the Company for the financial year ended 31 December 2018, which include the strategic report and the reports of the Directors and of the Auditor.

### **Resolution 2 – Approval of the Directors’ remuneration report**

The Directors’ remuneration report has been prepared in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It meets the requirements of the Financial Conduct Authority’s Listing Rules and describes how the Board has implemented the Directors’ remuneration policy and applied the principles of good governance relating to Directors’ remuneration. The report is set out in full on pages 88 to 117 of the Annual Report & Accounts. As required by the Companies Act 2006, an ordinary resolution to approve the report is proposed at the AGM. This vote is advisory and the Directors’ entitlement to receive remuneration is not conditional upon the resolution being passed by shareholders. The Directors’ remuneration policy was last approved by shareholders at the 2017 AGM and remains unchanged this year. The policy will be subject to a binding shareholder vote every three years or sooner if changes to the policy are proposed at an earlier date.

### **Resolution 3 – Dividend declaration**

Shareholders may declare the final dividend payable for each ordinary share held and the proposal recommended by the Directors in this resolution is 14.0 pence for each ordinary share. If approved by shareholders, this final dividend for the financial year ended 31 December 2018 will become due and payable on 16 May 2019 to shareholders named on the Register of Members as at the close of business on 5 April 2019, provided that the Board of Directors may cancel the dividend and therefore payment of the dividend at any time prior to payment if it considers it necessary to do so for regulatory capital purposes. In compliance with the rules issued by the Prudential Regulation Authority (“PRA”) relating to the implementation of the Solvency II Directive (as it relates to regulated insurance companies) and other regulatory requirements to which the Group is subject, the dividend is required to remain cancellable at any point prior to it being paid on 16 May 2019, and to be cancelled if, prior to payment, the regulated insurance companies in the Group cease to hold capital resources equal to or in excess of their Solvency Capital Requirement, or if that would be the case if the dividend were paid. The Directors have no intention of exercising this cancellation right, other than where required to do so by the PRA or for regulatory capital purposes.

### **Resolutions 4 to 13 – Directors standing for election or re-election**

The Company’s articles of association require Directors to submit themselves for election or re-election at each AGM.

Fiona McBain was appointed to the Board as an Independent Non-Executive Director on 1 September 2018 and a resolution will be proposed for her election at this year’s AGM.

Mike Biggs, Danuta Gray, Mark Gregory, Jane Hanson, Mike Holliday-Williams, Penny James, Sebastian James, Gregor Stewart and Richard Ward are seeking re-election at this year’s AGM. The performance of each Director has been reviewed as part of the Board effectiveness review; it is confirmed that each Director contributes effectively and continues to demonstrate commitment to the role. Through its Nomination Committee, the Board has undertaken appropriate due diligence on the Directors’ other interests and external time commitments and has concluded that the Non-Executive Directors are able to commit fully to their roles and are free from any relationship or circumstances that could affect their judgement and are accordingly considered independent by the Board. The Chairman was considered independent on appointment.

## Direct Line Insurance Group plc

THE BUSINESS OF THE AGM – EXPLANATORY NOTES *continued*

Biographical details, in support of each Director's election or re-election, including an explanation of why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success, are provided below.

**Mike Biggs** joined the Board as Chairman in April 2012 and is Chairman of the Nomination Committee.

Mike also serves as Chairman of Close Brothers Group plc and its regulated bank, Close Brothers Limited. His previous positions include Chairman of Resolution Limited, then a FTSE 100 UK life assurance business, Group Finance Director and then Chief Executive Officer of Resolution plc. He was also previously Group Finance Director of Aviva plc. Mike is an Associate of the Institute of Chartered Accountants in England and Wales and has a Masters degree in History from the University of Oxford.

Mike has over 40 years' experience of the financial services sector and is well regarded by City investors. His extensive experience as a Director and Chairman in the insurance industry makes him well suited to the role of Chairman, enabling him to lead the Board and ensure its effectiveness. Having reviewed his performance, other interests, external time commitments and the contribution he has made to date, the Board recommends his re-election as a Director.

**Danuta Gray** joined the Board as an Independent Non-Executive Director in February 2017 and is Chair of the Remuneration Committee.

Danuta also serves as Non-Executive Director of St. Modwen Properties plc and is to become its Chair on 29 March 2019. She is Senior Independent Director of Aldermore Group plc. Danuta also holds the role of a Non-Executive Member of the Defence Board of the UK Ministry of Defence.

Danuta was Chairman of Telefónica in Ireland until December 2012, having previously been its Chief Executive from 2001 to 2010. During her nine-year tenure as Chief Executive, she increased the customer base from just under 1 million to over 1.7 million. Before working at Telefónica, Danuta held various senior positions within BT Group from 1984 to 2001. Until June 2018, Danuta was a Non-Executive Director and Chairman of the Remuneration Committee at both PageGroup plc and Old Mutual plc.

The Board benefits from her previous experience as a Chief Executive and Non-Executive Director (including two positions as Chairs of Remuneration Committees), significant experience in sales, marketing, customer services and technology and in leading and changing large businesses. Having reviewed her performance, other interests, external time commitments and the contribution she has made to date, the Board recommends her re-election as a Director.

**Mark Gregory** joined the Board as an Independent Non-Executive Director on 1 March 2018 and is Chair of the Investment Committee.

Mark was appointed Chief Executive of Merian Global Investors Limited with effect from 1 March 2019, having been a Non-Executive Director since October 2018. He previously held the role of Group Chief Financial Officer and Executive Director at Legal & General Group plc ("Legal & General") until March 2017. During his 19-year career at Legal & General, he held a variety of senior roles including Chief Executive Officer of the Savings business, Managing Director of the With-Profits business, and Resources & International Director. Before joining Legal & General, Mark held senior financial and business development roles at ASDA and Kingfisher. Mark is an Associate of the Institute of Chartered Accountants in England and Wales.

The Board benefits from his previous extensive experience and knowledge of the financial services sector, particularly in life and general insurance, gained through his roles at Legal & General. Additionally, he has a detailed understanding of the retail sector and customer service. Having reviewed his performance, other interests, external time commitments and the contribution he has made to date, the Board recommends his re-election as a Director.

**Jane Hanson** joined the Board as an Independent Non-Executive Director in December 2011 and is Chair of the Board Risk Committee.

Jane is Chair of the Reclaim Fund Ltd and an Independent Member of the Fairness Committee at ReAssure Ltd. She is the Honorary Treasurer and a Trustee of the Disasters Emergency Committee and has her own financial sector consulting business. Jane has a degree in Music from the University of York and is a Fellow of the Institute of Chartered Accountants in England and Wales. Jane is also a Magistrate.

Jane spent her early career with KPMG, latterly becoming responsible for delivery of corporate governance, internal audit and risk management consulting services in the north of England. Jane also held many executive roles including Director of Audit and Risk and Governance Director at Aviva plc. Jane's previous significant experience of risk management, corporate governance, internal control, and developing and monitoring customer and conduct risk frameworks, as well as extensive experience in overseeing IT and transformation programmes, makes her well suited to the role of Independent Non-Executive Director and Chair of the Board Risk Committee. Having reviewed her performance, other interests, external time commitments and the contribution she has made to date, the Board recommends her re-election as a Director.

**Mike Holliday-Williams** joined the Board as an Executive Director in February 2017.

Mike is Managing Director, Personal Lines. He joined Direct Line Group in 2014, bringing with him over 10 years' insurance industry experience. He was previously Chief Executive Officer of RSA Group's Scandinavian businesses, Codan A/S and Trygg-Hansa, and before that UK Managing Director of Personal Lines at RSA, responsible for the MORE TH>N, Partnerships and Broker businesses. Mike is also a member of the ABI General Insurance Council.

Under his leadership, the Personal Lines division has delivered strong growth, improved profitability and strengthened its competitive position. The Board benefits from his experience in many general management, marketing and customer growth roles across several industries including the energy, telecoms and retail sectors. The Board recommends his re-election as a Director.

**Penny James** joined the Board as an Executive Director in November 2017 and is Chief Financial Officer ("CFO") and, subject to her re-election by shareholders, will become Chief Executive Officer from the conclusion of the AGM. Penny's previous position was Group Chief Risk Officer and Executive Director at Prudential plc, where she was responsible for leading risk oversight globally. Before this, she was Director of Group Finance at Prudential. Penny had previously been Group CFO at Omega Insurances Holdings Limited and CFO, UK General Insurance, at Zurich Financial Services. Penny was a Non-Executive Director of Admiral Group plc from January 2015 to September 2017. She is an Associate of the Institute of Chartered Accountants in England and Wales.

Penny has a deep understanding of the insurance sector and financial services firms, gained through a number of senior management positions including as a Director of three FTSE 100 insurance companies. As CFO, Penny has been accountable for all finance matters including investor relations, investment and capital management, as well as taking responsibility for formulating and, following its consideration and approval by the Board, executing the Group's long-term strategic plan, along with Paul Geddes. The Board considers Penny to be ideally suited to leading the Group as Chief Executive and recommends her re-election as a Director.

**Sebastian James** joined the Board as an Independent Non-Executive Director in August 2014 and is Chair of the Corporate Social Responsibility Committee.

Sebastian is President and Managing Director of Boots, and Senior Vice President of Walgreen Boots Alliance, Inc. and he is a Trustee of the charity Save the Children. Until April 2018, Sebastian was Group Chief Executive of Dixons Carphone plc and previously held the role of Group Chief Executive of Dixons Retail plc from 2012 until its merger with Carphone Warehouse Group plc in August 2014. Before this, he was Chief Executive Officer of Synergy Insurance Services Limited, a private equity backed insurance company, and was previously Strategy Director at Mothercare plc. Sebastian has a degree in law from the University of Oxford and an MBA from INSEAD. He began his career at The Boston Consulting Group.

The Board benefits from Sebastian's extensive experience in retail and consumer practice at large groups, his detailed understanding of the UK consumer markets, products and brands as well as his strategic and operational experience running Dixons Carphone plc and Boots. Having reviewed his performance, other interests, external time commitments and the contribution he has made to date, the Board recommends his re-election as a Director.

**Fiona McBain** joined the Board as an Independent Non-Executive Director in September 2018.

Fiona is currently Chairman of Scottish Mortgage Investment Trust plc and Non-Executive Director of Dixons Carphone plc. Until January 2019 she was Vice-Chairman of Save the Children UK and a Trustee Director of the Humanitarian Leadership Academy. Previously, Fiona served as Chief Executive Officer of Scottish Friendly Group for 11 years, before which she was Scottish Friendly Group's Finance Director.

Fiona has over 30 years' experience in retail financial services, in the industry and as an auditor, in the UK and the USA. She is an Associate Member of the Institute of Chartered Accountants in England & Wales, qualifying as an accountant early on in her career at Arthur Young (now Ernst & Young). Fiona was twice Institute of Directors, Scotland's Female Director of the Year.

Through her career, Fiona also gained a profound knowledge of the financial services industry and significant leadership experience that will benefit the Board greatly. The Nomination Committee undertook appropriate due diligence on Fiona's other interests and external time commitments as part of her recruitment process and the Board recommends her election as a Director.

**Gregor Stewart** joined the Board as an Independent Non-Executive Director on 1 March 2018 and is Chair of the Audit Committee.

Gregor is Deputy Chairman and a Non-Executive Director of Alliance Trust PLC, Chairman of Intrinsic Financial Services Limited, a Non-Executive Director of FNZ Group and Honorary Treasurer of the charity International Alert. Gregor worked at Ernst & Young for 23 years, including 10 years as a partner in the financial services practice. Following his career at Ernst & Young, he was Finance Director for the Insurance division at Lloyds Banking Group plc, which included Scottish Widows, from 2009 to 2012. Gregor is a member of the Institute of Chartered Accountants of Scotland.

The Board benefits from his wide-ranging experience of the financial services sector, and in particular, significant experience gained in the insurance and investment management sectors. His career and experiences at Ernst & Young and Lloyds in particular, make him suitable to chair the Audit Committee. Having reviewed his performance, other interests, external time commitments and the contribution he has made to date, the Board recommends his re-election as a Director.

**Richard Ward** joined the Board as an Independent Non-Executive Director and Senior Independent Director in January 2016.

Richard is Executive Chairman of the Specialty division at the Ardonagh Group. He also serves as a member of the PRA Practitioner Panel, the Bank of England.

Richard was Chief Executive of Lloyd's of London from 2006 to 2013. Richard was Non-Executive Chairman of Brit Syndicates Limited and Executive Chairman of Cunningham Lindsey from 2014 to 2018. He was a Non-Executive Director of Partnership Assurance Group plc, now part of Just Group plc, between 2013 and 2016 and was Chairman of the Remuneration Committee from 2014 to 2016. Before being Chief Executive of Lloyd's of London he was previously Chief Executive, later Vice Chairman, of the International Petroleum Exchange, rebranded ICE Futures. Before this, he held a range of senior positions at British Petroleum and was a research scientist for the Science and Engineering Council. Richard was also a Non-Executive Director of London Clearing House, a member of the PwC Advisory Board and a Board member of the Geneva Association.

Richard's previous experience as a Chief Executive, a Non-Executive Director and a Chairman makes him well suited to the role of Senior Independent Director of the Company. The Board benefits from his experience in the insurance industry and his insight into prudential regulation. Having reviewed his performance, other interests, external time commitments and the contribution he has made to date, the Board recommends his re-election as a Director.

**Resolution 14 – Re-appointment of the Auditor**

This resolution proposes the re-appointment of the Company's existing Auditor, Deloitte LLP, until the next annual general meeting at which the Company's accounts are presented.

**Resolution 15 – Authority to agree the Auditor's remuneration**

This resolution is separate to resolution 14 and proposes to give authority to the Audit Committee of the Board to determine the Auditor's remuneration.

**Resolution 16 – Political donations and expenditure**

The Company does not intend to change its current practice of not making donations to political parties in the European Union ("EU"). However, the Companies Act 2006 contains restrictions on companies making donations or incurring expenditure in relation to EU political parties, other political organisations or independent election candidates. Part 14 of the Companies Act 2006 defines political parties, other political organisations and independent election candidates very widely and, as a result, it is possible that they may include, for example, donations to bodies concerned with policy review and law reform, with the representation of the business community or sections of it, or with the representation of other communities or special interest groups which are in the shareholders' interest for the Company to support. Amongst other things, the Companies Act 2006 prohibits the Company or its direct or indirect subsidiaries from making donations or incurring expenditure in relation to political parties, other political organisations or independent election candidates in a 12 month period in excess of an aggregate of £5,000, unless such donations have been authorised by the Company's shareholders. The Company is therefore seeking authority under this resolution to make political donations to EU political parties, other political organisations or independent election candidates and to incur political expenditure of up to £100,000 in aggregate in order to prevent an inadvertent breach of the Companies Act 2006. As permitted under the Companies Act 2006, this resolution covers the Company and extends to all companies that are subsidiaries of the Company at any time the authority is in place.

**Resolution 17 – Authority to allot new shares**

At the AGM on 10 May 2018, shareholders approved resolutions to authorise the Directors to allot shares, to allot equity securities for cash, and to make market purchases of the Company's own shares.

This resolution renews the authority that was given at the 2018 AGM to allot shares. Paragraph i) a) of this resolution would give the Directors the authority to allot ordinary shares up to an aggregate nominal amount equal to £50,000,000. This amount represents one-third (33.33%) of the issued ordinary share capital of the Company as at 14 March 2019, the latest practicable date prior to the publication of this Notice.

In line with guidance issued by The Investment Association (the "IA"), paragraph i) b) of this resolution would give the Directors the authority to allot ordinary shares in connection with a pre-emptive offer by way of a rights issue in favour of

ordinary shareholders up to an aggregate nominal amount equal to £100,000,000 including, within such limit, the nominal amount of any shares issued under paragraph i) a) of this resolution. This amount represents two-thirds (66.67%) of the issued ordinary share capital of the Company as at 14 March 2019, the latest practicable date prior to the publication of this Notice.

The authorities sought under this resolution will expire on the earlier of 30 June 2020 (the latest date by which the Company must hold an AGM in 2020) and the conclusion of the AGM of the Company held in 2020.

The Directors have no present intention of exercising either of the authorities sought under this resolution; however, if they do exercise the authority, the Directors intend to follow best practice as regards its use, as recommended by the IA. As at the date of this Notice, no ordinary shares are held by the Company in treasury.

**Resolution 18 – General authority to disapply pre-emption rights (special resolution)**

This resolution renews, in line with institutional guidelines, the authority that was given at the AGM on 10 May 2018, and would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

Except as noted in the next paragraph, this authority would be limited to allotments or sales in connection with pre-emptive offers or otherwise up to an aggregate nominal amount of £7,500,000. This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 14 March 2019, the latest practicable date prior to the publication of this Notice. The Directors intend to adhere to the provisions in the Pre-Emption Group's 2015 Statement of Principles for the disapplication of pre-emption rights (the "Statement of Principles") in their use of this general authority and not allot shares for cash on a non-pre-emptive basis in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Statement of Principles), without prior consultation with shareholders.

Allotments made under the authorisation in paragraph i) b) of resolution 17 would be limited to allotments by way of a rights issue only (subject to the right of the Directors to impose necessary or appropriate limitations to deal with, for example, fractional entitlements and regulatory matters).

This authority will expire on the earlier of 30 June 2020 (the latest date by which the Company must hold an AGM in 2020) and the conclusion of the AGM of the Company held in 2020.

**Resolution 19 - Additional authority to disapply pre-emption rights (special resolution)**

Resolution 19 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the Directors to allot equity securities or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. The proposed resolution reflects the Statement of Principles and will expire on 30 June 2020 or at the conclusion of the AGM in 2020, whichever is the earlier.

The authority granted by this resolution, if passed:

- i) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £7,500,000, which represents approximately 5% of the issued ordinary share capital of the Company as at 14 March 2019, the latest practicable date prior to publication of this Notice; and
- ii) will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the general authority to disapply pre-emption rights under resolution 18. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £15,000,000, which represents approximately 10% of the issued ordinary share capital of the Company as at 14 March 2019, the latest practicable date prior to publication of this Notice.

**Resolution 20 – Authority to purchase own shares (special resolution)**

This resolution renews the authority that was given at the 2018 AGM, permitting the Company to buy its own ordinary shares in the market. The maximum number of shares that can be bought under this authority must not exceed 10% of the issued ordinary shares of the Company as at 14 March 2019, the latest practicable date prior to the publication of this Notice. The maximum price payable (exclusive of expenses) must not exceed the higher of:

- i) 105% of the average of the middle market quotations for the ordinary shares of the Company, as derived from the London Stock Exchange Daily Official List, for the five business days immediately prior to the date of purchase; and
- ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The Directors do not intend to exercise the Company's power to purchase its own shares other than in circumstances where

they believe this would result in an increase in earnings per share and be in the best interests of shareholders generally.

The Companies Act 2006 enables companies to hold any of their own shares which they have purchased as treasury shares with a view to possible resale at a future date, rather than cancelling them. The Company holds no ordinary shares in treasury at the date of this Notice. Treasury shares would provide the Company with additional flexibility in the management of its capital base, enabling it either to sell the treasury shares quickly and cost-effectively or to use the treasury shares to satisfy awards under the Company's employee share schemes. If the Directors exercise the authority conferred by this resolution, they may consider holding the shares in treasury, rather than cancelling them.

The total number of options to subscribe for ordinary shares that was outstanding at 14 March 2019, being the latest practicable date prior to the publication of this Notice, was 17,073,748. The proportion of issued share capital that they represented at that time was 1.24% and the proportion of issued share capital that they would represent if the full authority to purchase shares (existing and being sought) were used is 1.55%.

**Resolution 21 - Authority to allot new ordinary shares in relation to an issue of Solvency II RT1 Instruments**

Resolution 21, will, if approved, renew the authority granted to Directors at the 2018 AGM to allot ordinary shares in the Company or grant rights to subscribe for, or to convert any security into, ordinary shares in the Company, in accordance with section 551 of the Companies Act 2006, up to an aggregate nominal amount of £23,250,000 in connection with the issue of Solvency II RT1 Instruments which is, in aggregate, equivalent to approximately 15.5% of the issued ordinary share capital of the Company as at 14 March 2019, being the last practicable date prior to the publication of this Notice.

The Directors believe it is in the best interests of the Company to have the flexibility to issue Solvency II RT1 Instruments from time to time and the authority sought in resolution 21 may be used if, in the opinion of the Directors, at the relevant time such an issuance of Solvency II RT1 Instruments would be desirable to improve the capital structure of the Company. However, the request for authority in resolution 21 should not be taken as an indication that the Company will or will not issue any, or any given amount of, Solvency II RT1 Instruments. This authority is in addition to the authority proposed in resolution 17, which is the usual authority sought on an annual basis in line with the guidance issued by the IA.

This authority will expire at the conclusion of the next AGM of the Company after the date on which this resolution is passed or, if earlier, on 30 June 2020. However, the Directors may seek a similar authority in the future.

**Resolution 22 - Disapplication of pre-emption rights in relation to an issue of Solvency II RT1 Instruments (special resolution)**

Resolution 22, which will be proposed as a special resolution, proposes that, in addition to any authority conferred by resolutions 18 (general authority to disapply pre-emption rights) and 19 (additional authority to disapply pre-emption rights), the Directors be empowered to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash up to a nominal amount of £23,250,000 in relation to the issue of Solvency II RT1 Instruments, which is equivalent to 15.5% of the issued ordinary share capital of the Company as at 14 March 2019, being the last practicable date prior to publication of this Notice, as if section 561 of the Companies Act 2006, did not apply to any such allotment.

Resolution 22 would permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Solvency II RT1 Instruments without the need to comply with the strict pre-emption requirements of the UK statutory regime. Together with resolution 21, resolution 22 is intended to provide the Directors with the continued flexibility to issue Solvency II RT1 Instruments which may convert into ordinary shares. This will enhance the Company's ability to manage its capital.

This authority will expire at the conclusion of the next AGM of the Company after the date on which this resolution is passed or, if earlier, on 30 June 2020. However, the Directors may seek a similar authority in the future.

Conditional upon the passing of resolutions 21 and 22, the Directors would not expect to make use of the authorities to allot shares and to disapply pre-emption rights granted by resolutions 17 to 19 to issue Solvency II RT1 Instruments. Any exercise of the authorities in resolutions 17 to 19 (if passed) would be separate from and in addition to the exercise of any powers under these resolutions 21 and 22 and would also have a dilutive effect on existing shareholdings.

As noted on page 3 of this document, the Directors made use of the authorities to issue Solvency II RT1 Instruments that were granted at the 2017 AGM in connection with the Group's issue of such instruments in December 2017. The Directors have not used the authority granted at the 2018 AGM.

**Resolution 23 – Notice period for general meetings other than the AGM (special resolution)**

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 clear days, unless shareholders approve a shorter notice period, which cannot however, be less than 14 clear days (AGMs must always be held on at least 21 clear days' notice). At the Company's 2018 AGM, shareholders authorised the calling of general meetings, other than an AGM, on not less than 14 clear

days' notice, and it is proposed that this authority be renewed. The approval granted by this resolution, if passed, will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The flexibility offered by this resolution will be used when, taking into account the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting and in the interests of the Company and shareholders as a whole.

# Direct Line Insurance Group plc

## SHAREHOLDER INFORMATION

### Shareholder helpline

The shareholder helpline is run by the Registrar, and is available between Monday and Friday, 8.30 a.m. to 5.30 p.m. (excluding public holidays). The helpline also contains automated self-service functionality which is available 24 hours a day, 7 days a week. Using your SRN on your proxy form, share certificate or dividend confirmation, the self-service functionality will allow you to:

- confirm the latest share price;
- confirm your current shareholding;
- confirm your payment history; and
- order a Change of Address, Dividend Bank Mandate or Stock Transfer Form.

The number to call is +44 (0)370 873 5880.

### Registrar's Investor Centre

Investor Centre is a free and secure share management website provided by the Company's Registrar. Managing your shares online means you can access information quickly and securely, and minimise postal communications. This service will allow you to:

- view your share portfolio and see the latest market price of your shares;
- elect to receive your shareholder communications online;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- update bank mandates and change address details; and
- use online dealing services.

To take advantage of this service, please log in at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and enter your SRN and the Company's name. This information can be found on your proxy form, last dividend confirmation or share certificate.

### 2019 key financial dates\*

Ex-dividend date for 2018 final dividend and special interim dividend	4 April
Record date	5 April
First quarter trading update	8 May
Payment of 2018 final dividend and special interim dividend	16 May
Half-year report	31 July
Ex-dividend date for 2019 interim dividend	8 August
Record date	9 August
Payment of 2019 interim dividend	6 September
Third quarter trading update	5 November

### Dividend payments

Shareholders can elect for dividends to be paid by mandate directly to a UK bank or building society account, effecting payment on the relevant payment date through the Bankers' Automated Clearing Services (BACS) or the Clearing House Automated Payment System (CHAPS). The Company also offers shareholders a Dividend Reinvestment Plan ("DRIP"). Further information regarding the DRIP, including its terms and conditions, election form and online application instructions can be found on our website at [www.directlinegroup.co.uk/dividends](http://www.directlinegroup.co.uk/dividends).

### Electronic communications

The Company actively encourages all shareholders to register for the electronic communications service. You can register for this by visiting [www.directlinegroup.co.uk/alerts](http://www.directlinegroup.co.uk/alerts) and following the online instructions.

### Electronic proxy voting

You can register to give your AGM proxy voting instructions electronically and to access details of your individual shareholding quickly and securely online by visiting [www.investorcentre.co.uk](http://www.investorcentre.co.uk) and following the online instructions.

The Registrar must receive voting instructions by no later than 11.00 a.m. on Friday, 3 May 2019 from participants in the Company's share incentive plans and the vested share account and must receive proxy appointments no later than 11.00 a.m. on Tuesday, 7 May 2019 from ordinary shareholders.

\*Please note that these dates are provisional and subject to change. Please access our financial calendar at [www.directlinegroup.co.uk/financialcalendar](http://www.directlinegroup.co.uk/financialcalendar) which is updated regularly.

