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20 March 2014

Dear Shareholder,

I am pleased to inform you that Direct Line Insurance Group plc's 2013 Annual Report & Accounts and the Notice of the 2014 Annual General Meeting ("AGM Notice") have now been published.

### **RE-APPOINTMENT OF DIRECTORS**

Directors of Direct Line Insurance Group plc are to stand for re-election at each Annual General Meeting. Please note that Mark Catton, who was the The Royal Bank of Scotland Group plc ("RBS") nominated Non-Executive Director on the Board, resigned on 7 March 2014, following the sale by RBS of its entire interest in the ordinary shares of the Company on 26 February 2014 (except for a small number of shares required to satisfy awards under legacy incentive schemes). Mark Catton's resignation was in accordance with the terms of a Relationship Agreement between the Company and RBS, under which RBS would relinquish its right to nominate a Non-Executive Director to the Board of the Company once its shareholding had fallen to below 20%. Accordingly, Mr Catton will now not be standing for re-election at the 2014 Annual General Meeting, notwithstanding any indication to the contrary in the 2013 Annual Report & Accounts, and this is reflected in the AGM Notice.

I would like to thank Mark Catton for the significant contribution he has made to the Board during his time as a Non-Executive Director of the Company.

### **FINAL AND SECOND SPECIAL INTERIM DIVIDENDS**

You will see from Resolution 4 in the AGM Notice that the Board is recommending a final dividend of 8.4 pence per share to shareholders, which, subject to shareholder approval, will be paid on 20 May 2014 to all holders of ordinary shares on the Register of Members at close of business on 14 March 2014.

In addition, the Board has declared a second special interim dividend of 4.0 pence per share, also payable on 20 May 2014 to all holders of ordinary shares on the Register of Members at close of business on 14 March 2014. As this is an interim dividend, it is not subject to shareholder approval, and will be paid out on 20 May 2014 regardless of the outcome of the shareholder vote on Resolution 4. Accordingly, a shareholder resolution to this effect is not required nor included in the AGM Notice.

The Board looks forward to the Annual General Meeting as an opportunity to meet with shareholders and I welcome your attendance at this year's Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M N Biggs', with a stylized flourish at the end.

**Michael N Biggs**  
Chairman