



**Direct Line Insurance Group plc**

Incorporated and registered in England and Wales under number 02280426

**Notice of Annual General Meeting  
to be held on 13 May 2015**

## **Contents**

2	AGM Information
3	Letter from the Chairman
4	Notice of Annual General Meeting
6	General Notes
8	Explanatory Notes
12	Shareholder Information

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## NOTICE OF ANNUAL GENERAL MEETING

**Wednesday, 13 May 2015 at 11.00am**

**The Auditorium, Allen & Overy LLP, One Bishops Square, London E1 6AD**

### 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 you should pass this Notice and accompanying documents 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.

### AGM INFORMATION

#### Time

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

#### Refreshments

Tea and coffee will be served from 10.20am.

#### Venue

The meeting will be held on Wednesday, 13 May 2015 in the Auditorium, Allen & Overy LLP, One Bishops Square, London E1 6AD. If you have any queries regarding the venue, please contact Allen & Overy LLP's reception desk by telephone on +44 (0)20 3088 3400.

#### Shareholders with special needs

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

### Transport and directions to the venue

By foot:

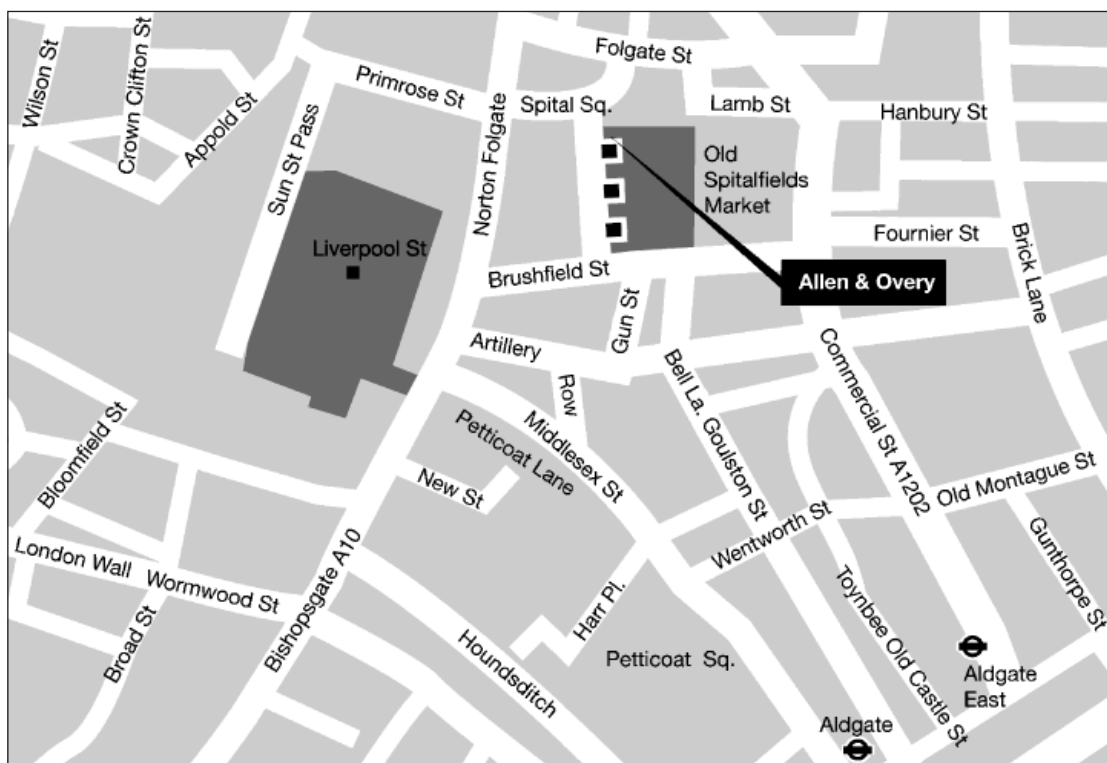
Bishops Square is within easy walking distance from Liverpool Street Station. Walk northwards up Bishopsgate and turn right into Brushfield Street. You will see an open square with trees and a white sail structure. Walk past the sail structure and take any of the three entrances to the offices of Allen & Overy LLP.

By underground:

The nearest underground station is Liverpool Street, which is on the Central, Hammersmith and City, Metropolitan and Circle lines. Other nearby underground stations are Aldgate on the Metropolitan and Circle lines and Aldgate East on the Hammersmith and City line.

By taxi:

Ask your taxi driver to drop you off in Spital Square, just off Bishopsgate.



# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## Letter from the Chairman

**1 April 2015**

Dear Shareholder

### **Annual General Meeting ("AGM")**

I am pleased to enclose the Notice of Meeting (the "Notice") for the 2015 AGM of Direct Line Insurance Group plc. The AGM will be held in the Auditorium, Allen & Overy LLP, One Bishops Square, London E1 6AD on Wednesday, 13 May 2015 at 11.00am. The AGM provides an opportunity for you to communicate with your Directors.

The Notice sets out the resolutions to be proposed, together with the explanatory and guidance notes for shareholders who wish to vote electronically or by post. Voting forms are also enclosed. If you have requested a printed copy of 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 2014 Annual Report & Accounts have now been published on our website: [ara2014.directlinegroup.com](http://ara2014.directlinegroup.com)

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

All of the Directors are standing for re-election at this year's AGM except for Sebastian James and Glyn Jones. Sebastian James was appointed as a Non-Executive Director in August 2014 and is standing for election at this year's AGM. Glyn Jones, Senior Independent Director ("SID") will not be standing for re-election as he is now chairman of two listed companies and has decided to reduce the number of his non-executive directorships. He will, therefore, resign from the Board of Directors at the conclusion of this year's AGM. Andrew Palmer, Independent Non-Executive Director and Chair of the Audit Committee, has agreed to act as the Company's SID while the search for a new Non-Executive Director is under way. He will accordingly be appointed as SID at the conclusion of this year's AGM and will also continue to chair the Audit Committee. Such changes are notwithstanding any indication to the contrary in the 2014 Annual Report & Accounts.

### **Final and second special interim dividends**

Given the proximity of the 2014 final dividend to the expected special dividend relating to the sale of the International division, as an exception to the usual process the final dividend has been accelerated and the Board has resolved to pay it as an interim dividend. This should avoid potential delays in payment to shareholders which might arise from the sale of the International division. Consequently, no resolution relating to the approval of a final dividend for the year ended 31 December 2014 is being proposed at the 2015 AGM.

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

The resolutions are standard matters that are normally dealt with at a listed company's AGM. 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) and a response will be provided as soon as possible.

### **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 6 and 7. All resolutions will be put to a vote on a poll, rather than being decided by a show of hands. 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.com/investors/regulatory-news](http://www.directlinegroup.com/investors/regulatory-news) shortly after the conclusion of the meeting.

### **Recommendation**

Your Board 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 shareholders as a whole. Your Board unanimously recommends you vote in favour of them, as your Directors intend to do in respect of their own beneficial shareholdings.

The Directors 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

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

**NOTICE** is hereby given that the AGM of Direct Line Insurance Group plc (the "Company") will be held in the Auditorium, Allen & Overy LLP, One Bishops Square, London E1 6AD on Wednesday, 13 May 2015 at 11.00am to transact the business set out in the resolutions below.

Resolutions 1 to 13 and 17 will be proposed as ordinary resolutions and resolutions 14 to 16 will be proposed as special resolutions. Voting on all resolutions will be by way of a poll.

## **Ordinary Resolutions:**

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

THAT the audited accounts of the Company for the year ended 31 December 2014 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 for the year ended 31 December 2014 be and is hereby approved.

### **Resolution 3 – Re-election of Director**

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

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

THAT Paul Geddes be and is hereby re-elected as a Director of the Company.

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

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

### **Resolution 6 – Election of Director**

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

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

THAT Andrew Palmer be and is hereby re-elected as a Director of the Company.

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

THAT John Reizenstein be and is hereby re-elected as a Director of the Company.

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

THAT Clare Thompson be and is hereby re-elected as a Director of the Company.

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

THAT Priscilla Vacassin be and is hereby re-elected as a Director of the Company.

### **Resolution 11 – Re-appointment of the Auditor**

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

### **Resolution 12 – 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 13 – 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 2016; and
- 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).

## **Special Resolutions:**

### **Resolution 14 – Authority to disapply pre-emption rights**

THAT

- i) in accordance with article 8 of 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;
- iii) this authority shall expire at the conclusion of next AGM of the Company after the passing of this resolution, or, if earlier, at the close of business on 30 June 2016; and
- iv) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## NOTICE *continued*

### **Resolution 15 – Authority to purchase own shares**

THAT 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, subject to the following conditions:

- i) the maximum number of ordinary shares hereby authorised to be purchased shall be 150,000,000;
- 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;
  - 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 as derived from the London Stock Exchange Trading System (SETS);
- 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 2016;
- 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.

### **Resolution 16 – Notice period for general meetings other than AGM**

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

### **Ordinary Resolution:**

### **Resolution 17 – 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 hereby authorised, during the period commencing on the date of this resolution and ending at the conclusion of next year's AGM, or, if earlier, the close of business on 30 June 2016, to:

- i) make political donations to political parties, political organisations other than political parties and/or independent election candidates not exceeding £100,000 in total; and
- ii) 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 from the date of this resolution until the conclusion of the next AGM of the Company or if earlier, the close of business on 30 June 2016. 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.

By Order of the Board

Roger Clifton  
Company Secretary  
1 April 2015

Registered Office:  
Churchill Court, Westmoreland Road, Bromley BR1 1DP

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## General Notes

### Appointment of proxy

- 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 the Company's Registrar on 0870 873 5880.
- To be valid, any proxy form or other instrument appointing a proxy must be received at the office of the Registrar or at the electronic address provided in Note 6, in each case no later than 11.00am on 11 May 2015.
- The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Note 8 below) 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

- 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.
- 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

- 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 and 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

- 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.
- 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/CREST](http://www.euroclear.com/CREST)). 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 Computershare (ID number 3RA50) by no later than 11.00am on 11 May 2015. 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.
- 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 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.

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## General Notes *continued*

### The Company's Total Voting Rights

11. As at 24 March 2015 (being the latest practicable date prior to publication of this Notice) the Company's issued share capital consisted of 1,500,000,000 ordinary shares, all carrying one vote each. Therefore, the total voting rights in the Company as at 24 March 2015 were 1,500,000,000.

### 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 6.00pm on Monday, 11 May 2015 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, on the date which is not more than 48 hours before the time of the adjourned meeting). 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.

### Shareholder Requisition Rights

15. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or

vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than 31 March 2015, being the date 6 clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

16. 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 report 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, 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

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

### Inspection of documents

18. Copies of the following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this Notice until the date of the AGM and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD 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.
19. 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 2014, which include the strategic report and the reports of the Directors and 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 Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013). The Directors’ remuneration report meets the requirements of the Listing Rules and describes how the Board has applied the principles of good governance relating to Directors’ remuneration. The report is set out in full on pages 71 to 93 of the 2014 Annual Report and 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 on it.

### **Resolutions 3 to 10 – Directors standing for election or re-election**

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

Sebastian James was appointed to the Board as a Non-Executive Director in August 2014 and will offer himself for election at this year’s AGM. The Board believes that Sebastian James should be elected because of his strategic and operational experience in the retail, consulting and insurance sectors and his profound knowledge of customer service in a digital retail market.

Mike Biggs, Paul Geddes, Jane Hanson, Andrew Palmer, John Reizenstein, Clare Thompson and Priscilla Vacassin are seeking re-election at this year’s AGM.

Following an evaluation, the Nomination Committee has determined that, with the exception of the Chairman (who was considered independent on appointment), each of the Non-Executive Directors is independent in character and judgement and free from relationships or circumstances likely to affect the Director’s judgement. The Board also considers that following a performance evaluation all the Directors standing for election or re-election continue to be effective and demonstrate the level of commitment required in connection with their role and the needs of the business.

Biographical details in support of each Director’s election or re-election are provided below.

**Mike Biggs** (62) joined the Board as Chairman in April 2012 and is also Chair of the Nomination Committee.

Mike has over 40 years’ experience of the UK and international financial services sector, is a respected figure in the insurance industry and is well regarded by City investors. Mike was previously Chairman of Resolution Limited, the FTSE 100 UK life assurance business, and has acted as Chief Executive Officer and Group Finance Director of Resolution plc. He was previously Group Finance Director of Aviva plc.

Mike has a Masters degree in History from the University of Oxford and is an Associate of the Institute of Chartered Accountants in England and Wales.

**Paul Geddes** (45) joined the Board as an Executive Director in August 2009 and is Chief Executive Officer.

Paul’s experience in leading one of the UK’s largest retail banking businesses during a challenging period for the industry and improving its customer and financial performance against peers singled him out in 2009 as the Chief Executive able to lead the turnaround of Direct Line Group and its divestment from RBS Group. Paul was the Chief Executive Officer of RBS Group’s mainland UK retail banking business, having joined in 2004 as Managing Director with responsibility for products and marketing.

Before joining RBS Group, Paul held a number of senior roles in multi-channel retailing in businesses that were then parts of the GUS and Kingfisher groups. He started his career in marketing, with UK and European roles at Procter & Gamble.

Paul read Philosophy, Politics and Economics at the University of Oxford and is a Fellow of the Chartered Institute of Bankers in Scotland. He is a member of the Association of British Insurers Board, a member of the Financial Ombudsman Service’s insurance industry steering group and a member of the Financial Conduct Authority’s Practitioner Panel.

**Jane Hanson** (47) joined the Board in December 2011 and is Chair of the Board Risk Committee.

Jane has extensive experience of risk management, corporate governance and internal control and in developing and monitoring customer frameworks.

Jane spent 12 years with KPMG, where she worked in the financial sector, becoming the Director responsible for delivery of corporate governance, internal audit and risk management services in the North of England. Jane has also held executive roles including Director of Audit, and Risk and Governance Director at Aviva’s UK Life business. She is a graduate of the University of York with a degree in Music and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Jane is Chair of Reclaim Fund Ltd and a Non-Executive Director of Old Mutual Wealth Management Limited. She is also an Independent Member of the Fairness Committee

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## THE BUSINESS OF THE AGM – EXPLANATORY NOTES *continued*

at ReAssure Ltd. She has her own financial sector consulting business, delivering audit, enterprise risk management and corporate governance advisory and consulting services to the financial sector. Jane is also a magistrate.

**Sebastian James** (49) joined the Board as a Non-Executive Director in August 2014.

Sebastian is Group Chief Executive of Dixons Carphone plc and has held a number of senior strategic and operational positions in the retail, consulting and insurance sectors.

Sebastian was Group Chief Executive of Dixons Retail plc from 2012 until its merger with Carphone Warehouse Group plc on 6 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 began his career at The Boston Consulting Group, having graduated from Oxford University and completed an MBA at INSEAD. Sebastian is also a Trustee of the charities Save the Children and Tablets for Schools.

**Andrew Palmer** (61) joined the Board in March 2011 and is Chair of the Audit Committee.

Andrew has undertaken a number of senior roles within the financial services and insurance industries. In addition, he has insight into corporate governance developments and best practice in financial reporting through his membership of the Financial Reporting Review Panel of the Financial Reporting Council.

Andrew retired from Legal & General Group plc, where he was the Group Finance Director, in 2009. Andrew is a Fellow of the Institute of Chartered Accountants in England and Wales.

Andrew is a Trustee of the Royal School of Needlework, a Trustee and Treasurer of Cancer Research UK and a Non-Executive Director of Royal London Mutual Insurance Society Limited. Andrew is also a member of the Financial Reporting Review Panel of the Financial Reporting Council.

**John Reizenstein** (58) joined the Board as an Executive Director in December 2010 and is Chief Financial Officer.

John is an experienced Chief Financial Officer and former banker with extensive City and financial services experience. John was previously an Executive Director at the Co-operative Insurance Society, CIS General Insurance and The Co-operative Bank. He was Chief Financial Officer of

these entities between 2003 and 2007 and subsequently Managing Director, Corporate and Markets. Prior to that, John spent more than 20 years in investment banking with UBS and Goldman Sachs. John is an Economics graduate from the University of Cambridge.

John is a trustee and director of Farm Africa and an alternate representative of the Association of British Insurers on the Panel on Takeovers and Mergers.

**Clare Thompson** (60) joined the Board in September 2012 and is Chair of the Corporate Social Responsibility Committee.

Clare brings with her extensive experience and knowledge gained from roles across the professional services industry, including as Lead Audit Partner at PwC, where she guided companies through change and acted as an adviser to insurance companies. Clare gained significant experience of both general and life insurance in this role.

Clare was a partner at PwC from 1988 to 2011. During her 23 years as a partner at PwC, she held several senior and high profile roles, particularly within the insurance sector. Clare is a graduate of the University of York with a degree in Mathematics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Clare is a Non-Executive member of the Partnership Board of Miller Insurance Services LLP and is a Trustee and Treasurer of the Disasters Emergency Committee. She is also a Director of Retail Charity Bonds plc.

**Priscilla Vacassin** (57) joined the Board in September 2012 and is Chair of the Remuneration Committee.

Priscilla has great knowledge and experience of developing organisational values, and creating the leadership, succession, development and remuneration structures required to support corporate strategy. Priscilla has worked both as a practitioner and as an adviser and therefore understands the complexity around remuneration in both technical and market terms.

Priscilla was most recently Group Human Resources Director at Prudential plc and a Non-Executive Director at the Ministry of Defence. She has previously held senior human resources positions across a number of financial services and customer facing industries, including roles at Abbey National plc, where she was Executive Director, Human Resources; BAA plc, where she was Group Human Resources Director; and Kingfisher plc.

Priscilla graduated in Law from the University of North East

## THE BUSINESS OF THE AGM – EXPLANATORY NOTES *continued*

London. She has her own search and consultancy business.

### **Resolution 11 – Re-appointment of the Auditor**

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

### **Resolution 12 – Authority to agree the Auditor's remuneration**

This resolution is separate to resolution 11 and proposes to give authority to the Audit Committee to determine the Auditor's remuneration.

### **Resolution 13 – Authority to allot new shares**

This resolution renews the authority that was given at the AGM on 15 May 2014. 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 24 March 2015, the latest practicable date prior to publication of this Notice.

In line with guidance issued by The Investment Association, paragraph i) b) of this resolution would give the Directors the authority to allot ordinary shares in connection with 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 24 March 2015, the latest practicable date prior to publication of this Notice.

The authorities sought under this resolution will expire on the earlier of 30 June 2016 (the latest date by which the Company must hold an AGM in 2016) and the conclusion of the AGM of the Company held in 2016.

The Directors have no present intention to exercise either of the authorities sought under this resolution. As at the date of this Notice of AGM, no ordinary shares are held by the Company in treasury.

### **Resolution 14 – Authority to disapply pre-emption rights**

This resolution renews the authority that was given at the AGM on 15 May 2014 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 24 March 2015, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative use of authorities within a rolling 3-year period where the Principles provide that issues in excess of 7.5% should not take place without prior consultation with shareholders.

Allotments made under the authorisation in paragraph i) b) of resolution 13 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 at the earlier of 30 June 2016 (the last date by which the Company must hold an AGM in 2016) and the conclusion of the AGM of the Company held in 2016.

### **Resolution 15 – Authority to purchase own shares**

This resolution renews the authority that was given at the AGM on 15 May 2014, 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 24 March 2015, the latest practicable date prior to publication of this Notice. The maximum price payable must not exceed the higher of 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 that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. 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 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 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 resolution 15, they may consider holding the shares in treasury, rather than cancelling them.

## THE BUSINESS OF THE AGM – EXPLANATORY NOTES *continued*

The total number of options to subscribe for ordinary shares that were outstanding at 24 March 2015 being the latest practical date prior to the publication of this Notice was 14,746,424. The proportion of issued share capital that they represented at that time was 0.98% and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 1.09%.

### **Resolution 16 – Notice period for general meetings other than AGM**

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 2014 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 resolution 16, if passed, will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Note that, 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, and noting the recommendations of the UK Corporate Governance Code 2014, 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.

### **Resolution 17 – 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 Political Parties, Elections and Referendums Act 2000 ("PPERA") and the Companies Act 2006 contain restrictions on companies making donations or incurring expenditure in relation to EU political parties, other political organisations or independent election candidates. The PERA and Part 14 of the Companies Act 2006 define 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 it is in the shareholders' interest for the Company to support. Amongst other things, the PERA and the Companies Act 2006 prohibit the Company or its subsidiaries from making donations or incurring expenditure in relation to political parties, other political organisations or independent 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 up to £100,000 in aggregate in order to prevent an inadvertent breach of the PERA and 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.

# Direct Line Insurance Group plc

Incorporated and registered in England and Wales under number 02280426

## SHAREHOLDER INFORMATION

### Shareholder Helpline

The Shareholder Helpline is run by the Company's Registrar, Computershare Investor Services PLC, and is available on UK business days between Monday and Friday, 8.30 am to 5.00 pm. The helpline also contains automated self-service functionality which is available 24 hours a day, 7 days a week. Using your SRN on your share certificate or dividend tax voucher, 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)870 873 5880.

### Registrar's Investor Centre

Investor Centre is a free, secure share management website provided by Direct Line Insurance Group plc's Registrar, Computershare Investor Services PLC. Managing your shares online means you can access information quickly, 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 last dividend tax voucher or share certificate.

### 2015 Results and Financial Diary

Payment of 2014 final* and second special interim dividends	17 April
First quarter results	6 May
Half-year results	4 August
Payment of 2015 interim dividend	11 September
Third quarter results	3 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. Further information can be found on our website at [www.directlinegroup.com/DRIP](http://www.directlinegroup.com/DRIP).

### Electronic Communications/Electronic Proxy Voting

The Company actively encourages all shareholders to register for the electronic communications service.

You can register to receive electronic notification of documents such as the Company's financial results, including annual and half-year reports and interim management statements by visiting [www.directlinegroup.com/site-services/email-alert](http://www.directlinegroup.com/site-services/email-alert) and following the online instructions.

You can register to cast your AGM proxy vote 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.

Computershare must receive voting instructions by no later than 11.00am on Friday, 8 May 2015 from participants in the Company's share incentive plans and the vested share account and no later than 11.00am on Monday, 11 May 2015 from ordinary shareholders.

\*This is an interim dividend in lieu of final dividend, and references to 'final dividend' for 2014 are to be construed as references to this interim dividend.

