

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

27 November 2024

Aviva plc Possible Offer for Direct Line Insurance Group plc

In response to press speculation, Aviva announces that on 19 November 2024, it submitted a non-binding proposal to the Board of Direct Line Insurance Group plc ("Direct Line") regarding a possible offer to acquire 100% of Direct Line (the "Proposal").

Given Aviva's desire to reach a swift conclusion and to minimise distraction for both companies, Aviva presented a highly attractive Proposal with high execution certainty, which also met Aviva's strict financial criteria for acquisitions. Aviva communicated to Direct Line that it believed this Proposal represented a highly compelling offer and that it was designed to encourage prompt engagement to commence the work needed to reach an offer announcement under Rule 2.7 of the Code as soon as possible.

Under the terms of this Proposal, Direct Line shareholders would be entitled to receive:

- 112.5 pence per Direct Line share in cash, funded through Aviva's internally available cash resources; and
- 0.282 new Aviva shares per Direct Line share.

Based on Aviva's share price on the day before the Proposal was submitted, being 487.6 pence per Aviva share, the Proposal represents total consideration valued at **250 pence per share**. This represents a premium of:

- 59.7% to the closing Direct Line share price on 18 November 2024 (the day before the Proposal was submitted);
- 57.5% to the closing Direct Line share price on 27 November 2024 (being the last practicable date prior to this announcement); and
- 55.9% to the one month volume-weighted average Direct Line share price to 27 November 2024.

In addition, the Aviva share consideration would allow Direct Line shareholders to participate in the upside in Aviva shares as well as the benefits of the combination.

On 26 November 2024, the Board of Direct Line rejected the Proposal as substantially undervaluing Direct Line, and has declined to engage further with Aviva.

Aviva believes that an acquisition of Direct Line would be consistent with its strategy to accelerate growth in its UK businesses and further pivot the group towards capital-light business lines. The acquisition would expand Aviva's presence in the attractive UK Personal Lines market, building on its existing strength, and creating a more

efficient platform from which to serve existing and new customers. In addition, the acquisition would allow Direct Line customers to benefit from Aviva's breadth, scale and financial strength.

Aviva's leading Personal Lines management team continues to deliver profitable organic growth, particularly within the Retail segment, including via its innovative Aviva Zero proposition. In its Q3 2024 trading update, Aviva announced that it had delivered year-to-date UK Personal Lines premium growth of 26%, driven by 43% growth in Retail and supported by 13% growth in Motor policy count. Aviva believes that the complementary fit of the two groups would support continued operating momentum whilst keeping the customer at the centre of everything it does.

Aviva believes that an acquisition of Direct Line would deliver attractive returns for both Aviva and Direct Line shareholders, including unlocking value that is inaccessible to Direct Line standalone. Aviva believes that the acquisition would deliver material cost and capital synergies, incremental to Direct Line's existing cost savings programme.

An acquisition of Direct Line would be consistent with Aviva's capital management framework and its strict strategic and financial criteria for executing M&A. Aviva remains committed to delivering growing dividends and sustainable capital returns to its shareholders.

Important Code information

Any announcement of a firm offer in accordance with Rule 2.7 of the Code will be subject to, amongst other things, satisfactory completion of due diligence and the recommendation of the Board of Direct Line. Aviva reserves the right to waive any of these pre-conditions in whole or in part. Any firm offer will also be subject to customary terms and conditions for a transaction governed by the Code, including regulatory approvals.

In accordance with Rule 2.6(a) of the Code, Aviva must, by no later than 5.00 pm on 25 December 2024, either announce a firm intention to make an offer for Direct Line under Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

In accordance with Rule 2.5(a) of the Code, Aviva reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer. In addition, Aviva reserves the right to make an offer for Direct Line at a lower value or on less favourable terms than the Proposal: (i) with the agreement or recommendation of the Board of Direct Line; (ii) if a third party announces a firm intention to make an offer for Direct Line which, at that date, is of a value less than the value of the Proposal; or (iii) following the announcement by Direct Line of a Rule 9 waiver transaction pursuant to Appendix 1 of the Code or a reverse takeover (as defined in the Code). If Direct Line declares, makes or pays any dividend or distribution or other return of value or payment to its shareholders, Aviva reserves the right to make an equivalent reduction to the Proposal.

A further announcement will be made when appropriate. There can be no certainty that any offer will be made.

-ends-

Enquiries:

Media

Andrew Reid	+44 (0)7800 694 276
Sarah Swailes	+44 (0)7800 694 859

Investors and analysts

Greg Neilson	+44 (0)7800 694 564
Joel von Sternberg	+44 (0)7384 231 238
Michael O'Hara	+44 (0)7387 234 388

Citigroup Global Markets Limited (Joint Financial Adviser and Joint Corporate Broker to Aviva):

Peter Brown	+44 (0)20 7986 4000
Sian Evans	
Peter Catterall	
Michael Lamb	

Goldman Sachs International (Joint Financial Adviser and Joint Corporate Broker to Aviva):

Important notice

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

Rule 2.4 information

In accordance with Rule 2.4(c)(iii) of the Code, Aviva confirms that it is not aware of any dealings in Direct Line shares that would require a minimum level, or particular form, of consideration that it would be obliged to offer under Rule 6 or Rule 11 of the Code (as appropriate). However, it has not been practicable for Aviva to make enquiries of all persons presumed to be acting in concert with it prior to this announcement in order to confirm whether any details are required to be disclosed under Rule 2.4(c)(iii). To the extent that any such details are identified following such enquiries, Aviva will make an announcement disclosing such details as soon as practicable, and in any event by no later than the time it is required to make its Opening Position Disclosure under Rule 8.1 of the Code.

Rule 2.9 information

In accordance with Rule 2.9 of the Code, Aviva confirms that as at the date of this announcement, it had 2,677,100,912 issued ordinary shares of 32 17/19 pence each admitted to trading. Each ordinary share carries the right to one vote in relation to all circumstances at general meetings of Aviva. Aviva does not hold any ordinary shares in treasury. The International Securities Identification Number (ISIN) is GB00BPQY8M80.

Overseas jurisdictions

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Inside information

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019). Upon publication of this announcement, this inside information will be considered to be in the public domain. The person responsible for making the notification on behalf of Aviva is Susan Adams, Group Company Secretary.

Disclaimer

Citigroup Global Markets Limited ("Citi"), which is authorised by the Prudential Regulation Authority and regulated in the UK by the Financial Conduct Authority and the Prudential Regulation Authority is acting as financial adviser exclusively for Aviva and for no one else in connection with the matters described in this announcement, and will not be responsible to anyone other than Aviva for providing the protections afforded to its clients nor for providing advice in relation to the matters referred to in this announcement. Neither Citi nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, tort, in delict, under statute or otherwise) to any person who is not a client of Citi in connection with this announcement, any statement contained herein or otherwise.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Aviva and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Aviva for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the matters referred to in this announcement.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Proposal, and other information published by Aviva may contain statements about Aviva and Direct Line that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "shall", "should", "anticipates", "estimates", "projects", "is subject to", "budget", "scheduled", "forecast" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Aviva's or Direct Line's operations and potential synergies resulting from the Proposal; and (iii) the effects of government regulation on the wider Aviva group's or the wider Direct Line group's business.

Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Aviva about future events, and are therefore subject to risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements, including: the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally, market developments and government actions, changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), longevity and endowments, a cyclical downturn of the insurance industry, the impact of natural and man-made catastrophic events (including pandemics) on business activities and results of operation, the transitional, litigation and physical risks associated with climate change, failure to understand and respond effectively to the risks associated with sustainability, regulatory approval of changes to internal models for calculation of regulatory capital under the UK's version of Solvency II rules, the impact of recognising an impairment of our goodwill or intangibles with indefinite lives, changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities, the effect of legal proceedings and regulatory investigations, the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber attack and theft, loss or misuse of customer data), increased competition, the loss of or damage to one or more key customer relationships, changes to habits, the outcome of business or industry restructuring, the outcome of any litigation, changes in global, political, social, business and economic conditions, changes in the level of capital investment, currency fluctuations, changes in interest and tax rates, changes in market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key employees, or the timing and success of future offer opportunities or major investment projects and the impact of any acquisitions or similar transactions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward looking statements. Such forward looking statements should therefore be construed in light of such factors. Neither Aviva, nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this announcement will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. All subsequent oral or written forward looking statements attributable to any member of the Aviva Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above. Aviva expressly disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

Publication on a website

A copy of this announcement will be made available, subject to certain restrictions relating to persons in restricted jurisdiction, on Aviva's website at www.Aviva.com promptly and in any event by no later than 12 noon (London time) on 28 November 2024. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

OFDEAXFXASELFFA