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If you have sold or transferred all your shares in Donegal Investment Group plc, please pass this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or the agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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# Donegal Investment Group plc

## Annual General Meeting 2016

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A letter from the Chairman of Donegal Investment Group plc (“**the Company**”) is set out on pages 2 and 3 of this document.

Notice convening the Annual General Meeting of the Company to be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal, at 11:30 a.m. on Wednesday 6 July 2016 and related statement of procedures are set out on pages 4 to 6 of this document.

To be valid, Forms of Proxy for use at the Annual General Meeting must be completed and returned so as to be received by the Company’s registrars, Computershare Investor Services (Ireland) Ltd, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 no later than 11:30 a.m. on Monday 4 July 2016.

*Letter from the Chairman of Donegal Investment Group plc*

**DONEGAL INVESTMENT GROUP PUBLIC LIMITED COMPANY**

(Registered in the Republic of Ireland, Registered Number 162921) *Directors*

*Directors*

Geoffrey Vance (Chairman)  
Ian Ireland (Managing Director)  
Richard Whelan  
Geoffrey McClay  
Patrick J Kelly  
Norman Witherow  
Michael Griffin  
Frank Browne  
Henry McGarvey  
Padraic Lenehan

*Registered Office*  
Ballyraine  
Co Donegal

25 May 2016

*To the shareholders of Donegal Investment Group plc (“the Company”)*

Dear Shareholder,

I am writing to you to outline the resolutions to be proposed at the forthcoming Annual General Meeting, all of which the Board of Directors are recommending for your approval. I draw your attention to the Notice of Annual General Meeting of the Company which will be held at 11:30 a.m. on Wednesday 6 July 2016 at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal, which is included in this document.

**Resolution 1 – receipt and consideration of the accounts**

This is a resolution to receive and consider the Company’s financial statements for the financial year ended 31 December 2015.

**Resolution 2 – declaration of dividend**

This is a resolution to declare a final dividend of 9 cent per share, to be paid on 26 August 2016 to those shareholders on the register at close of business on 5 August 2016.

**Resolutions 3 (a), (b) and (c) re-election of Directors**

These are resolutions to re-elect Michael Griffin, Geoffrey McClay and Geoffrey Vance as directors, who retire in accordance with the Articles of Association.

**Resolution 4**

This is a resolution to approve the remuneration of the non-executive directors.

**Resolution 5 – Auditors’ remuneration**

KPMG, the statutory auditor, continues in office in accordance with the Companies Act 2014. This resolution is an ordinary resolution proposed each year to permit the Directors to fix the auditors’ remuneration.

*Letter from the Chairman of Donegal Investment Group plc*

**Resolutions 6, 7 and 8 – Share Capital**

Resolution 6 is a special resolution to authorise the Directors to allot “equity securities”, essentially non-pro-rata issues for cash of ordinary shares of a nominal value equivalent to up to 5% of the nominal value of the issued share capital. This authority will expire 15 months after the passing of the resolutions or at the conclusion of the 2017 AGM, whichever occurs first.

Resolution 7 is a special resolution to authorise the Company to make market purchases of shares up to 10% of the aggregate of the present issued share capital. The Directors have no present intention of exercising this authority and it will be exercised only if the Directors consider it would be in the best interests of the remaining shareholders generally. This authority will expire 15 months after the passing of the resolution or at close of trading on the date of the 2017 AGM, whichever first occurs.

Resolution 8 is a related special resolution to authorise the Company to reissue repurchased shares and to set a reissue price range for those shares subject to the limits of Resolution 6. It is anticipated that any shares repurchased will be cancelled.

The Directors have no present intention of exercising these authorities.

**Recommendation**

The Directors believe that the proposals set out in the resolutions before the meeting are in the best interests of the Company and of its shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions at the Annual General Meeting, which they intend to do in respect of their shareholdings in the Company.

Yours faithfully,

**Geoffrey Vance**  
Chairman

## **DONEGAL INVESTMENT GROUP PUBLIC LIMITED COMPANY**

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Annual General Meeting of Donegal Investment Group plc will be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal, at 11:30 a.m. on Wednesday 6 July 2016 for the following purposes:

1. To receive the Financial Statements for the year ended 31 December 2015 and the reports of the Directors and Auditors thereon (**Resolution 1**).
2. To declare a final dividend of €0.09 (nine Euro cents) per Ordinary Share payable on 26 August 2016 to the holders of the Ordinary Shares on the register at close of business on 5 July 2016 (**Resolution 2**).
3.
  - (a) To re-elect Michael Griffin as Director; (**Resolution 3(a)**);
  - (b) To re-elect Geoffrey McClay as a Director; (**Resolution 3(b)**); and
  - (c) To re-elect Geoffrey Vance as a Director. (**Resolution 3(c)**)
4. To approve the remuneration of the non-executive Directors on the basis set out in the Report of the Remuneration Committee on pages 27 to 30 of the Annual Report. (**Resolution 4**)
5. To authorise the Directors to fix the remuneration of the Auditors in respect of the period expiring at the next AGM of the Company (**Resolution 5**).
6. To consider and if thought fit to pass the following as a special resolution (**Resolution 6**):

That, pursuant to section 1023 of the Companies Act 2014, the Directors be and they are hereby empowered to allot equity securities (as defined in section 1023 of the Companies Act 2014) of the Company as if subsection (1) of section 1022 did not apply to such allotment) provided that the power hereby granted shall be limited to allotments:

- (a) of a nominal value up to 5% of the nominal value of the shares in issue immediately following the passing of this Resolution;
- (b) in connection with or pursuant to:
  - (i) any rights issue being an issue or offer of shares open for a period fixed by the Directors by way of rights to holders of shares in the Company in proportion (as nearly as may be) to such holders' holdings of such Shares on a fixed record date in all cases subject to such exclusions or to such other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of the requirements of any regulatory body or stock exchange in any territory;
  - (ii) any open offer being an offer of shares open for a period fixed by the Directors to holders of shares in the Company in proportion (as nearly as may be) to such holders' holdings of such Shares on a fixed record date in all cases subject to such exclusions or to such other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of the requirements of any regulatory body or stock exchange in any territory;

## *Donegal Investment Group plc - Notice of Annual General Meeting*

(c) an employee share scheme or share option scheme of the Company,

such power (unless previously revoked, varied or extended by the Company in general meeting) to expire 15 months from the passing of the resolution or at the conclusion of the next AGM of the Company, whichever first occurs, save that the Company may before such expiry make an offer or agreement, which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

7. To consider and if thought fit to pass the following as a special resolution (**Resolution 7**):

That the Company (and any subsidiary of the Company for the time being) be and is hereby authorised to make market purchases including overseas market purchases of any shares of and in the Company (including any contract of purchase, which will or might be concluded wholly or partly after the expiry date below), provided that:

- (a) the maximum number of shares, which may be acquired pursuant to this authorisation shall be 10% of the issued shares of and in the Company immediately following the passing of this resolution;
- (b) the maximum price at which a purchase pursuant to this authorisation will be made will be 5% above the average of the official closing prices of the relevant shares derived from the Irish Stock Exchange or, at the option of the Directors, the London Stock Exchange for the five days before the purchase is made;
- (c) the minimum price, which may be paid for shares purchased pursuant to this authorisation will be the par value thereof; and
- (d) this authorisation will expire at close of trading on the date of the next AGM of the Company or 15 months from the passing of this resolution, whichever first occurs, save that the Company may make a purchase after the expiry of the authorisation in any case where the contract of purchase is executed before the authorisation expired.

8. To consider and if thought fit to pass the following as a special resolution (**Resolution 8**):

That the Directors be and are hereby empowered pursuant to Section 1021 of the Companies Act 2014 to re-issue treasury shares within the meaning of section 106 of the Companies Act 2014 as relevant securities and, pursuant to section 1023 of the Companies Act 2014, to reissue treasury shares as equity securities as if subsection (1) of section 1022 of the Companies Act 2014, did not apply to any such reissue provided that:

- (a) this power shall be subject to the limits provided by Resolutions 6 and 7 and shall expire at the conclusion of the next AGM of the Company or on the expiry of 15 months from the date hereof, whichever first occurs, save that the Company may before such expiry make an offer or agreement, which would or might require such reissue to occur after such expiry and the Directors may reissue securities pursuant to such offer or agreement as if the power conferred hereby had not expired;
- (b) the price at which any treasury shares may be re-issued off market (within the meaning of section 1078 of the Companies Act 2014) shall be:
  - (i) in the case of reissues other than to satisfy entitlements under share options or employee share schemes not more than 25% above and not more than 5% below the average of the official closing prices of the relevant shares derived from the Irish Stock Exchange or, at the option of the Directors, the London Stock Exchange for the five days before the relevant reissue is made;

## *Donegal Investment Group plc - Notice of Annual General Meeting*

- (ii) in the case of reissues to satisfy entitlements under share options or employee share schemes, not more than 25% above that average and not less than par value.

BY ORDER OF THE BOARD

Padraic Lenehan  
Secretary  
25 May 2016

Registered office:  
Ballyraine,  
Letterkenny,  
Co. Donegal.

### **STATEMENT OF PROCEDURES**

- 1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her place. The proxy need not be a member of the Company.
- 2 To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandymount, Dublin 18 so as to arrive not later than 11:30 a.m. on Monday 4 July, 2016. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
- 3 Pursuant to sections 1095 and 1105 of the Companies Act 2014, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.



