

The Board of Directors

Alastair Lyons, CBE (55) - Chairman (N)

Alastair was appointed Chairman of the Company in July 2000. He is also Non-executive Chairman of Legal Marketing Services, In Retirement Services, and Cardsave, and Deputy Chairman of Bovis Homes.

He has previously been Chief Executive of the National Provident Institution and of the National & Provincial Building Society, Managing Director of the Insurance Division of Abbey National plc, and Director of Corporate Projects at National Westminster Bank plc. Alastair was also a Non-executive Director of the Department for Transport and of the Department for Work and Pensions.

A Fellow of the Institute of Chartered Accountants, he was awarded the CBE in the 2001 Birthday Honours for services to social security.

Henry Engelhardt, CBE (51) - Chief Executive Officer

Henry is a founder Director of Admiral and was recruited by the Brockbank Group in 1991 to set up the Admiral business.

He was part of the management team that led the MBO in 1999. Prior to joining Admiral, he was Marketing and Sales Manager for Churchill Insurance.

He has substantial experience in direct response financial services in the United Kingdom, United States and France. He has an MBA from Insead.

Henry was awarded an honorary CBE in April 2008 for services to business in Wales.

Kevin Chidwick (45) - Finance Director

Kevin is responsible for finance, information technology, compliance and investments. He joined Admiral in 2005, becoming Finance Director in September 2006.

Prior to Admiral, Kevin has been in UK financial services for over 20 years. He has held a number of senior roles in other insurance organisations including, most recently, Finance Director of Engage Mutual Assurance and Cigna UK.

He is a fellow of the Chartered Institute of Certified Accountants and has an MBA from London Business School.

David Stevens (47) - Chief Operating Officer

David is a founder Director of Admiral. Initially the Marketing Director, he was appointed Director responsible for pricing in 1996 and claims and pricing in 1999. He was appointed as Chief Operating Officer in 2004.

He joined Admiral in 1991 from McKinsey & Co. where he worked in the Financial Interest Group, London office. Prior to working for McKinsey & Co, he worked for Cadbury Schweppes in the United Kingdom and the United States.

David has an MBA from Insead.

Lucy Kellaway (49) - Non-executive Director (N)

Lucy joined the board as a Non-executive Director in September 2006. She is the management columnist on the Financial Times and author of various books. In 20 years on the FT she has been oil correspondent, a Lex columnist and Brussels correspondent.

Lucy also joined the Nominations Committee on appointment to the Board.

Manfred Aldag (58) - Non-executive Director (N)

Manfred was appointed a Non-executive Director of the Company in 2003 as a representative of Munich Re. He graduated from University of Essen and has a degree in Economics/Business Management (Diplom-Kaufmann).

He has worked for Munich Re since September 1981 and is currently the Senior Executive Manager responsible for United Kingdom / Ireland.

Margaret Johnson (50) - Non-executive Director (A,R)

Margaret was appointed Non-executive Director of the Company in September 2006. She is currently Group CEO of the international advertising agency Leagas Delaney and has been with that Company for the past 13 years.

Margaret joined the Group's Audit and Remuneration Committees on appointment to the Board.

Martin Jackson (60) - Non-executive Director (A, R)

Martin was appointed Non-executive Director and Chairman of the Audit Committee in August 2004.

He was the Group Finance Director of Friends Provident plc between 2001 and 2003 and Friends' Provident Life Office between 1999 and 2001. Prior to that he was the Group Finance Director at London & Manchester Group plc from 1992 to 1998, up to the date of its acquisition by Friends' Provident Life Office. Martin is also a Non-executive Director of IG Holdings plc, Homeserve Membership Limited and Rothesay Life Limited

He is a Fellow of the Institute of Chartered Accountants.

Keith James, OBE (64) - Non-executive Director (A, N)

Keith was appointed a Non-executive Director in December 2002. He is Chairman of the Nominations Committee and is also the independent Chairman of Admiral Insurance Company Limited and Inspop.com Limited.

He is also a Non-executive Director of Julian Hodge Bank Limited and is Non-executive Chairman of Atlantic Venture Capital Limited and International Greetings plc.

He is a solicitor and was the Chairman of Eversheds LLP from June 1995 to April 2004. He was a Non-executive Director of Bank of Wales plc between 1988 and 2001 and AXA Insurance Company Limited between 1992 and 2000. Keith was awarded an OBE in 2005 for services to business and the community in Wales.

John Sussens (63) - Non-executive Director (R)

John was appointed the Senior Independent Non-executive Director in August 2004, and is Chairman of the Remuneration Committee. He is also a Non-executive Director of Cookson plc and Anglo & Overseas Trust plc.

He was the Group Managing Director of Misy's plc between 1998 and May 2004 having been on the Board of the Company since 1989. Prior to joining Misy's, he was Manufacturing Director at JC Bamford Excavators Limited.

He was a Non-executive Director at Chubb plc between 2001 and 2003.

Alastair Lyons, CBE
Chairman (N)



Henry Engelhardt, CBE
Chief Executive Officer



Kevin Chidwick
Finance Director



David Stevens
Chief Operating Officer



Lucy Kellaway
Non-executive Director (N)



Manfred Aldag
Non-executive Director (N)



Margaret Johnson
Non-executive Director (A,R)



Martin Jackson
Non-executive Director (A, R)



Keith James, OBE
Non-executive Director (A, N)



John Sussens
Non-executive Director (R)



Directors' report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2008.

Business review

The Company is the holding Company for the Admiral Group of Companies. The Group's principal activity continues to be the selling and administration of private motor insurance and related products.

The information that fulfils the requirements of the Business review, as required by Section 417 of the Companies Act 2006, and which should be treated as forming part of this report by reference are included in the following sections of the Annual Report:

- Chairman's statement
- Chief Executive's statement
- Business review

Group results and dividends

The profit for the year, after tax but before dividends, amounted to £144.9m (2007: £127.4m).

The Directors declared and paid dividends of £128.5m during 2008 (2007: £116.0m) – refer to note 14 for further details.

The Directors are proposing a final dividend of £70.0m (26.5p per share), payable on 27 May 2009.

Share capital

Refer to the Business review for the disclosure of substantial shareholdings in accordance with Chapter 5 of the Disclosure and Transparency rules.

Financial Instruments

The objectives and policies for managing risks in relation to financial instruments held by the Group are set out in note 18 to the financial statements.

Directors and their interests

The present Directors of the Company are shown on pages 48 and 49 of this report,

whilst Directors' interests in the share capital of the Company are set out in the Remuneration Report.

Charitable and political donations

During the year the Group donated £106,000 (2007: £87,000) to various local and national charities. The Group has never made political donations. Refer to the Business review for further detail.

Employee policies

Detailed information on the Group's employment practices is set out in the Business review.

The Group purchases appropriate liability insurance for all staff and Directors.

Creditor payment policy

It is the policy of the Group to pay all purchase invoices by their due date, and appropriate quality measures are in place to monitor and encourage this. At the end of the year outstanding invoices represented 20 days purchases (2007: 15).

Additional information for shareholders

Where not provided previously in this Directors' Report, the following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law.

At 31 December 2008, the company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the share capital and shares issued during the year can be found in note 25.

On a show of hands at a general meeting of the company every holder of shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies

deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the annual general meeting and published on the company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws) and;
- pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the company require the approval of the company to deal in the company's securities.

The Company has not purchased any of its own shares during the period.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

There are a number of agreements that alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts. None is considered to be significant in terms of their impact on the business of the group as a whole except for the long-term co-insurance agreement in place with Great Lakes Resinsurance (UK) Plc. Details relating to this agreement are contained in the Business review.

Power to issue shares

At the last annual general meeting, held on 29 April 2008, authority was given to the directors to allot unissued relevant securities in the Company up to a maximum of an amount equivalent to one third of the shares in issue. This authority expires on the date of the annual general meeting to be held on 28 April 2009 and the directors will seek to renew this authority for the following year.

A further special resolution passed at that meeting granted authority to the directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 1985. This authority

also expires on the date of the annual general meeting to be held on 28 April 2009 and the directors will seek to renew this authority for the following year.

Appointments of Directors

The Company's Articles of Association ("the Articles") give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board of Directors. The Articles also require directors to retire and submit themselves for election at the first annual general meeting following appointment and all directors who held office at the time of the two preceding annual general meeting, to submit themselves for re-election.

Articles of Association

The Articles may only be amended by special resolution of the shareholders.

Power of the Directors

The directors are responsible for managing the business of the Company and may exercise all powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Company's Memorandum and Articles. The Articles for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of new shares are also included in the Articles and such authorities are renewed by shareholders at the annual general meeting each year.

Annual General Meeting

It is proposed that the next AGM be held at the Andrew Probert Room, Capital Tower, Greyfriars Road, Cardiff, CF10 3AZ on Tuesday 28 April 2009 at 3.00pm, notice of which will be sent to shareholders with the Annual Report.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they

are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU
- For the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing

a Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The directors' report includes a fair view of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Company's auditor, KPMG Audit Plc, has indicated willingness to continue in office and resolutions to reappoint it and to authorise the Directors to fix its remuneration will be proposed at the Annual General Meeting.

By order of the Board,



Stuart Clarke

Company Secretary
27 February 2009

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