

Sales & Marketing

Update

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Jim Minto
TOWER Australia
Chief Executive Officer

TOWER – delivering improved productivity

Hello everyone,

This is a milestone for me. It marks a year since I first joined the team at TOWER Australia Ltd.

It has been a year of challenges but also one of huge achievement. We have embarked on a programme of work to rebuild TOWER Australia Ltd as a premier business partner and reclaim our risk origins. I have enjoyed meeting many of you and can I start off by thanking you once again for your support.

October marks the start of our first regular adviser newsletter and of course the start of TOWER's new financial year. My sincere thanks again to you all for your contributions and your loyalty in what was a very difficult year for the financial services industry.

With 2003 behind us, TOWER heads into 2004 a stronger, more efficient and focussed company to what we were 12 months ago. With costs reduced by some 30 %, we have a much narrower product range of on-sale products and our sales of risk products were higher than the previous year. In addition, a number of major projects have been completed delivering important steps forward for us. Before moving on to what is in store for 2004 it is worthwhile re-capping on some of the many changes we have implemented.

Firstly we still have some way to go in rebuilding but we have made great progress forward.

We have direction

TOWER Australia Ltd is a specialist non-bank owned insurance company dedicated to supporting independent advisers with expertise in the life insurance market, and focussed on developing strong partnerships with key Dealer Groups. Our product offering has been tightened to clearly focus on risk and superannuation related business.

We have new management

We have in the past year seen changes to virtually build a completely new Senior Management Team and I have been delighted to see the team build. We have also made a number of key appointments through the organisation especially in Sales but also in other areas.

We have many experienced and talented professionals committed to rebuilding our business.

We have a strong capital position

The recent capital raising by TOWER Limited has retired over NZ\$200million of debt significantly strengthening the Groups balance sheet.

We have sound solvency

Our solvency position is sound and is maintained at levels well in excess of minimum regulatory requirements.

We have Leading Products

TOWER's risk product range is recognised within its target markets to be one of the most competitive in the industry. (Sources: Cannex, Boss and IDT research companies)

TOWER's ARC master trust superannuation platform delivers all-in-one solutions for personal, corporate, pension divisions and insurance and has been very well received by many of our advisers and Dealer Partners.

We have an excellent Leading Investment Australian Equity Multi-Manager Approach

The new multi manager approach to our Australian and International equities provides us with the leading investment managers in the industry. It also allows for more consistent investment returns compared with using a single style manager approach.

2004 and the Future

We were very pleased to see our Risk sales build to levels higher than 2002 and we ended the year therefore on a strong growth note. With a lot still to be done, and companies involved in huge change do take time to turn, but progress has been pleasing.

Our "Adviser Partnership" presentations kick off in the next week. The first will be in Perth on the 27th of October, followed by Adelaide on the 28th October, Melbourne on the 30th October, Brisbane on the 5th November and Sydney on the 6th November. There will be presentations from Jordan Hawke, Stephen Robertson, our guest speaker Peter Switzer and myself.

I will be attending all presentations and we look forward to the opportunity to again meet with you and discuss our journey to success in 2004.

While much was achieved last year I am fully aware that there are still many aspects of our business requiring further improvement. We will be doing everything possible to satisfy your requirements from both a service and product angle. Our aim is to return to once again being a leading life insurance company with a clear understanding of the needs of its clients and how to deliver these needs promptly and profitably.

We value our relationships and your support. Thank you for your business with us.