

WHAT WE DO

TOWER AUSTRALIA'S BUSINESS IS SEGMENTED ALONG MARKET LINES:
RETAIL LIFE; GROUP LIFE; DIRECT; ALLIANCES; AND INVESTMENTS.

RETAIL LIFE

The commitment of the TOWER Australia Retail Life business is to Independent Financial Advisers – to provide them, and their customers, with access to a full suite of life insurance and wealth protection solutions. Each customer is different and the adviser must be able to meet their specific needs. The TOWER Australia product range is designed to allow the adviser flexibility to assist customers who may have complex needs requiring detailed analysis or those who have less complex needs and who want quick and highly efficient responses.

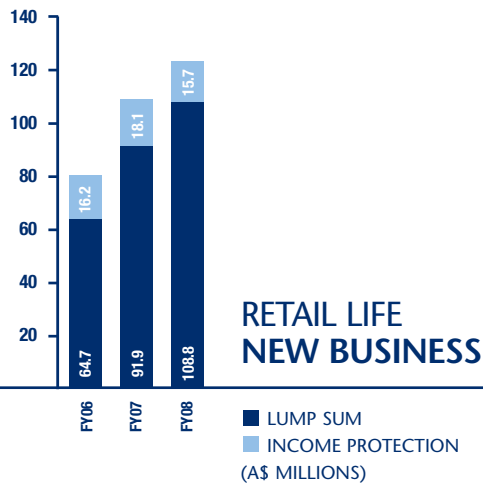
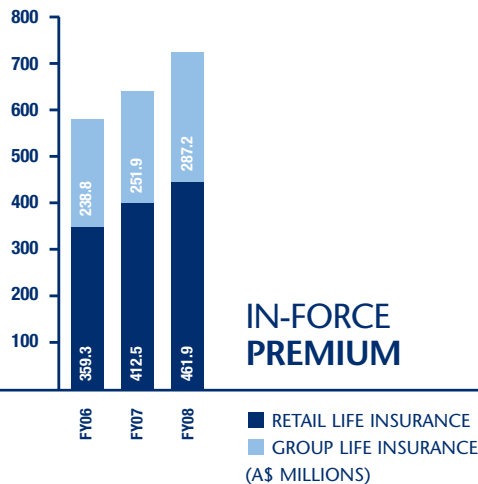
TOWER Australia's Accelerate offering was officially launched to advisers in April 2008 having undergone more than six months of development and proof of concept testing. Accelerate allows Independent Financial Advisers to submit life insurance applications online and sets itself a target within defined customer parameters of assessing and underwriting 85% of applications within three working days. This level of service represents a significant change for the Australian life insurance industry.

The Accelerate offering leads the market and complements the TOWER Australia retail product range of Term, Total and Permanent Disability, Income Protection and Critical Illness protection policies.

TOWER Australia believes that if Independent Financial Advisers are successful in meeting the needs of their customers, then TOWER Australia will be successful. The Retail Life business partnership commitment is to provide Independent Financial Advisers with quality life insurance products backed by quality service.

TOWER Australia's Retail Life business has continued to grow steadily and with in-force premium of \$462 million at 30 September 2008, it ranks sixth in this sector with a market share of 11%.

The key performance drivers in the Retail Life business are sales growth, business retention, claims experience and expense management. Sound performance was achieved in each of these drivers in 2008 and the business is closely monitoring the situation for signs of any change with the economic downturn.



GROUP LIFE

The inclusion of life insurance or wealth protection in superannuation has resulted in this being a fast growing sector of the Australian market. The efficiency and tax effectiveness of offering life and disability insurance through superannuation makes this the logical vehicle for many Australians to obtain their life insurance requirements. TOWER Australia's commitment to simplify the insurance process and to make accessing insurance easier along with its focus on improved benefit design and service delivery has seen several key employer superannuation funds opting for the TOWER Australia offering in 2008.

Superannuation trustees are increasingly looking at member insurance needs and acknowledge in many cases members are underinsured.

TOWER AUSTRALIA'S GROUP LIFE BUSINESS IS A LEADER IN THE MARKET WITH 14% MARKET SHARE

GROUP LIFE CONTINUED

TOWER Australia is working closely with many Trustees to ensure that their insurance offering is relevant and flexible in recognising changing personal circumstances through lifetime events such as child birth and financial commitments. We expect this trend to continue over the next few years resulting in excellent growth opportunities for the business.

TOWER Australia's Group Life business is a leader in that market and with in-force premiums of \$287 million as at 30 September 2008 is ranked third in the sector with 14% market share.

A key initiative of the Group Life business during 2008 has been to simplify the insurance partnership process. Through successfully harnessing technology we have been able to make obtaining and managing life insurance easier, quicker and more transparent. Technology to connect with partners, manage workflow and access important data was upgraded during the year.

In late 2008 the TOWER Australia offering on the Skandia platform saw the introduction of an electronic solution which allows advisers to apply for and manage their customers' life insurance needs online. Improving access to life insurance is seen as a key requirement for the industry going forward and TOWER Australia is a leader in this area.

TOWER Australia's strategy in group life continues to be one of providing the best wealth protection solutions in terms of product and service, for the members and clients of superannuation funds.

IN-FORCE PREMIUM BY PRODUCT



■ RETAIL LUMP SUM 47%
■ RETAIL INCOME PROTECTION 15%
■ GROUP 38%

NEW BUSINESS BY CHANNEL



■ ALLIANCES 31%
■ INDEPENDENT FINANCIAL ADVISERS 36%
■ GROUP 33%

INSURANCELINE IS A HIGHLY INNOVATIVE AND GROUND BREAKING BUSINESS THAT HAS ACHIEVED TREMENDOUS SUCCESS

DIRECT

TOWER Australia's Direct business, InsuranceLine, is Australia's fastest growing and largest direct distributor of life insurance products with approximately \$114 million of premium in-force.

InsuranceLine advertises by mainstream media and sells to customers mainly over the telephone through its call centre. It has 170,000 customers with life insurance products provided by TOWER Australia.

InsuranceLine is a highly innovative and ground breaking business that has achieved tremendous success over recent years. It is well positioned to help Australians obtain the levels of life insurance cover they need in an environment where most Australians are not well served by advice and so many people are significantly underinsured.

ALLIANCES

TOWER Australia's strategy with Alliances is to provide product and support to businesses looking to offer life insurance to their customers. It is a key part of our overall strategy of making life insurance more readily available to all Australians. Increasingly Australians are looking to access life insurance that meets specific needs, is easily understood, affordable and can be purchased through someone they trust.

TOWER Australia continues to seek to expand its distribution through Alliance partnerships. The key performance indicators for this business are diversifying revenue channels and growing the in-force business of existing clients.

INVESTMENTS

TOWER Australia has \$3.1 billion of funds under management and advice. The Investment business is a packager and distributor of simple investment products and services to clearly defined market niches.

During 2008 the Investment business has focused on improving service levels to customers and advisers and is now consistently achieving target service levels.

TOWER Australia's Investment business outsources its investment management to Russell Investment Management and its custody and unit pricing to State Street Australia Limited. This arrangement is working well and is delivering sound results for investors and for TOWER Australia.

The Beacon investment platform had a challenging year in 2008 as a direct consequence of the volatile investment environment. A major development during the year was the opening of a portal to allow access to TOWER Australia's insurance product range through superannuation on the Beacon Wrap account. Insurance in superannuation is a growing market and providing access to insurance through the Beacon Wrap account enhances adviser flexibility and choice while providing customers with a competitive solution to their insurance and retirement savings needs.

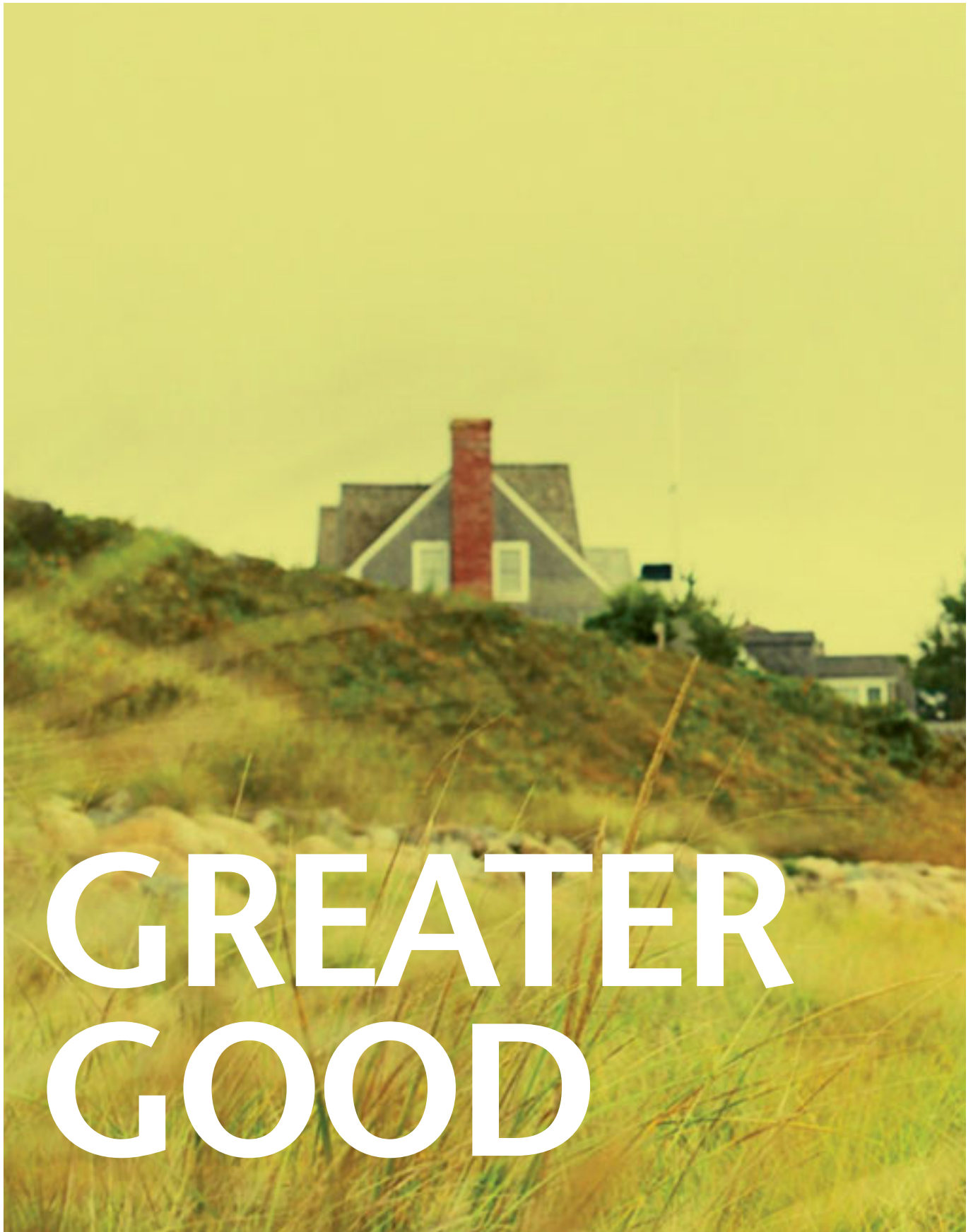


ANCHOR IN A

STORM

WE ARE A SECURE BASE
TO WEATHER LIFE'S CHALLENGES





GREATER GOOD

**WE HAVE A
COMMON PURPOSE**
TO PROVIDE A SERVICE THAT BENEFITS
THE WIDER COMMUNITY





**WE MAKE IT SIMPLE
AND SAY IT HOW IT IS**



STRAIGHT UP





WE ARE BRAVE
WE EMBRACE THE FUTURE WITH PRIDE

**COURAGEOUS
HEART**