

GETTING THE FUNDAMENTALS RIGHT TODAY FOR A STRONGER FUTURE

16 OCTOBER 2008

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AGENDA

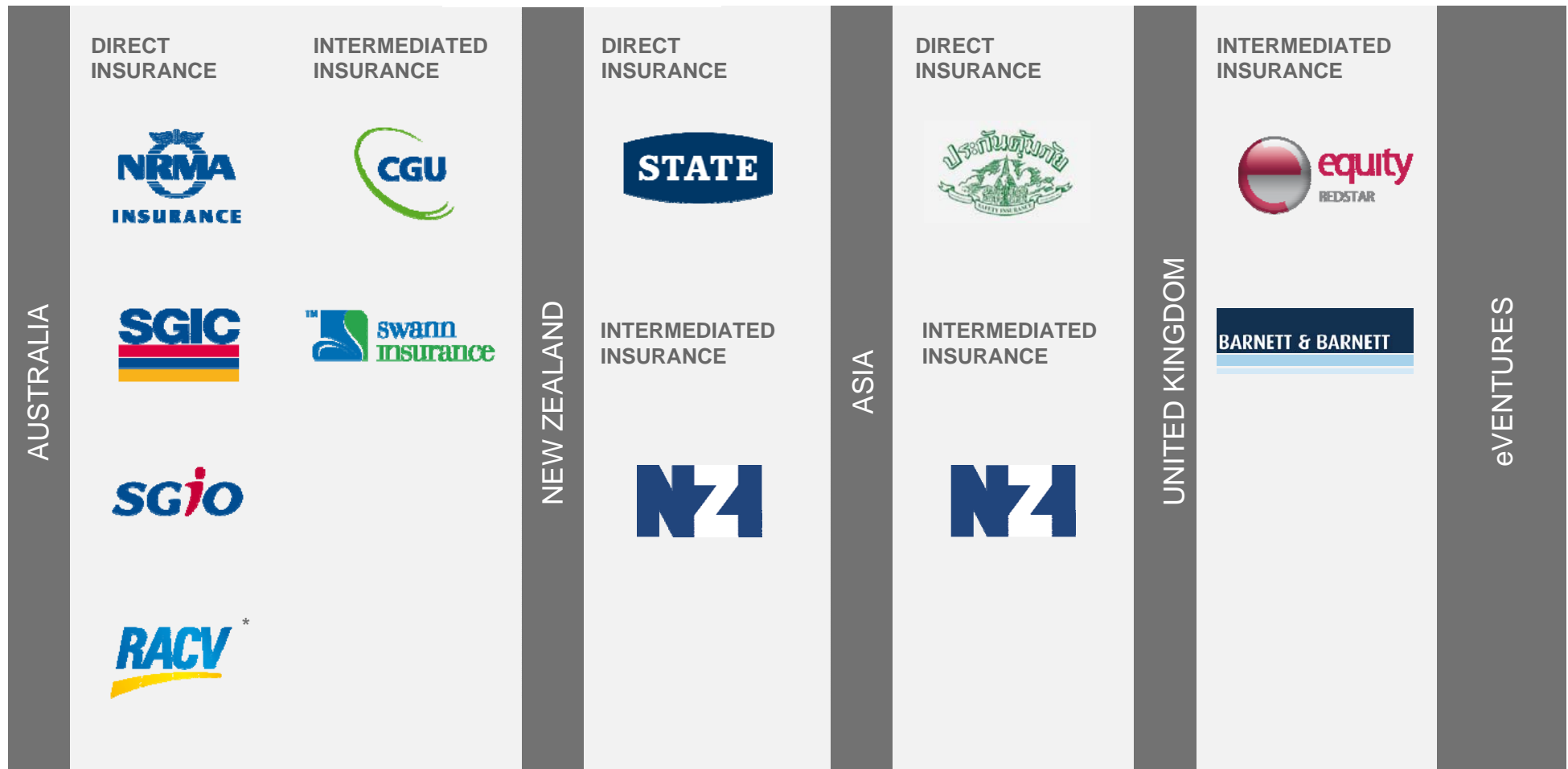
- 1 CONTEXT: WHO WE ARE AND OUR INDUSTRY**
- 2 REFINING OUR FOCUS AND OPERATING MODEL**
- 3 DELIVERING ON OUR PROMISES**
- 4 INSIGHTS AND LOOKING AHEAD**



CONTEXT

WHO WE ARE

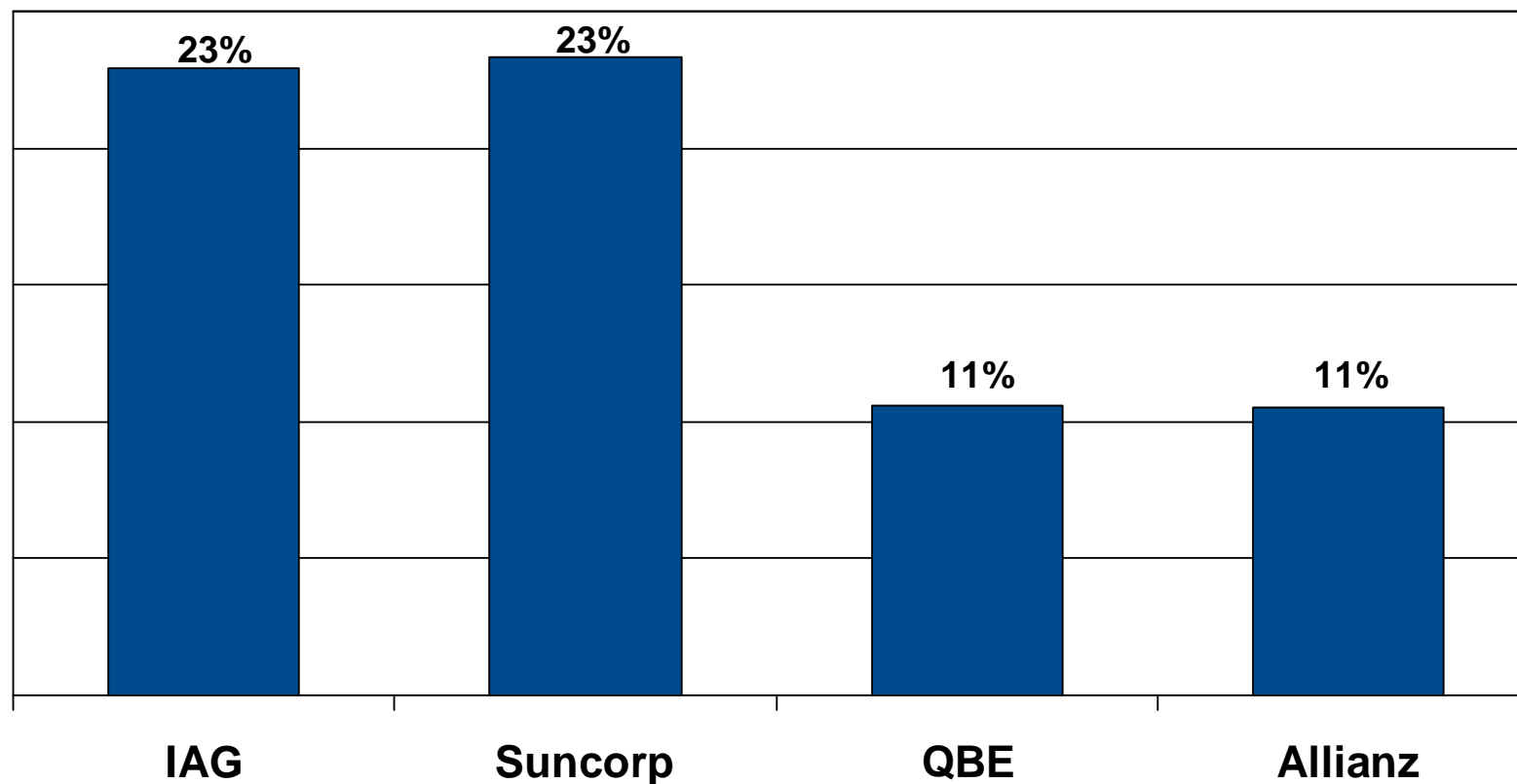
OUR BRANDS



• RACV is via a distribution relationship and underwriting joint venture with RACV Limited

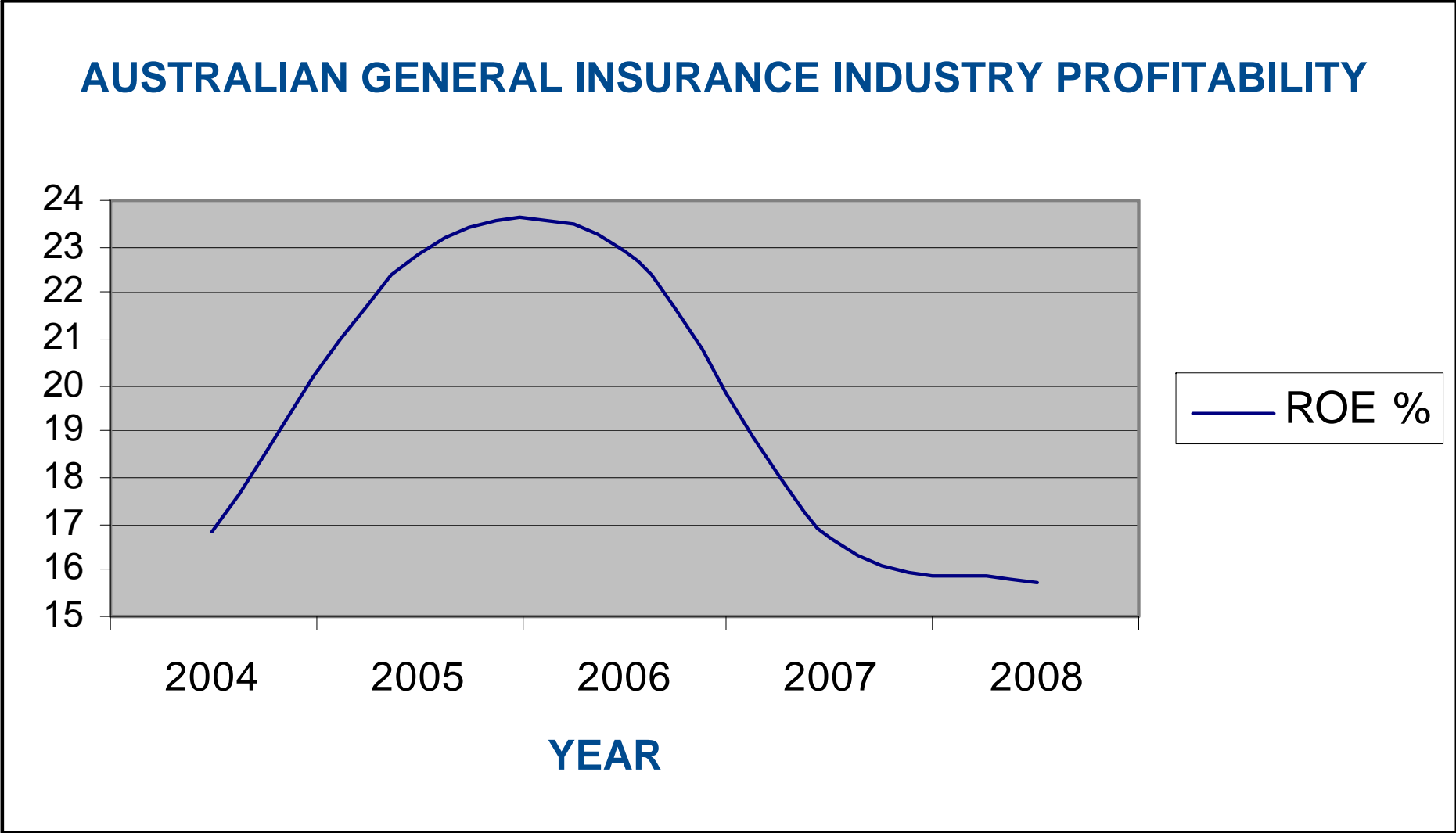
ABOUT THE GENERAL INSURANCE INDUSTRY

AUSTRALIAN MARKET SHARE (BASED ON GWP)



Source: APRA data as at June 2007

MARKET CONDITIONS TOUGH FOR ENTIRE INDUSTRY



Source: KPMG and Credit Suisse.

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REFINING OUR FOCUS AND OPERATING MODEL

OUR BUSINESS REMAINS GENERAL INSURANCE

OUR BUSINESS

- General insurance products and services

OUR CORPORATE INTENT

- A portfolio of high performing, customer-focused, diverse operations providing general insurance in a manner that delivers superior experiences for our stakeholders and creates shareholder value

WE WILL ACTIVELY MANAGE OUR PORTFOLIO

OUR FINANCIAL TARGETS

- Top quartile Total Shareholder Return (TSR)
- ROE > 1.5x WACC (through the cycle)

OUR STRATEGY

- Deliver superior performance by actively managing our portfolio, exiting businesses that do not fit our intent or return hurdles, and driving operational performance and execution in those that do

STRATEGIC DECISIONS

OUR STRATEGIC PRIORITIES

- Improve our performance in Australia and New Zealand
- Pursue selective international growth options – Asia and other narrow specialist opportunities
- A devolved model with the Corporate Office as portfolio manager
- Driving operational performance and execution

A NEW WAY OF WORKING

- **Revised corporate strategy with a focus on execution and active management of our portfolio of general insurance businesses**
- **This has driven change throughout our organisation, including our operating model**
 - Devolved model with end-to-end businesses
 - Shared services integrated into the businesses
 - Lean Corporate Office focused on governance and portfolio management
 - Rationalised roles in Australian businesses and removed duplication
- **Accountability driven throughout the organisation**
 - Relentless focus on execution and delivering performance
 - More active allocation of capital based on returns

TOTAL ANNUAL SAVINGS (PRE-TAX)

\$130m

FY08 COST OF IMPLEMENTATION (PRE-TAX)

\$60m

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DELIVERING ON OUR PROMISES

DELIVERING ON OUR PROMISES

Priority	Status
Move to a simpler operating model by end of September	✓ Delivered
Implement cost reduction measures to deliver \$130m in annual before-tax (run rate) savings by end of September	✓ Delivered
Scale back of operations in the UK	On track
Pursue select opportunities in Asia	On track
Focus on driving performance and optimising returns in our home territories of Australia and New Zealand	Ongoing

NRMA INSURANCE NEW BRAND CAMPAIGN

UNWORRY



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INSIGHTS AND LOOKING AHEAD

INSIGHTS

- **Focus on what you do best**
 - Get back to the fundamentals
 - Be in markets where you have a competitive advantage, and ensure you stay relevant
- **Eliminate unnecessary complexities and drive accountability**
 - Devolve responsibility and accountability as close to the customer as possible
- **Build cost savings initiatives from bottom-up and gain the support and commitment of the senior management group**
- **Minimise employee uncertainty by providing timelines and milestones and acting quickly**
- **Communicate a clear vision of the organisation's future**

IMPLICATIONS FOR INSURERS IN CHALLENGING FINANCIAL MARKETS

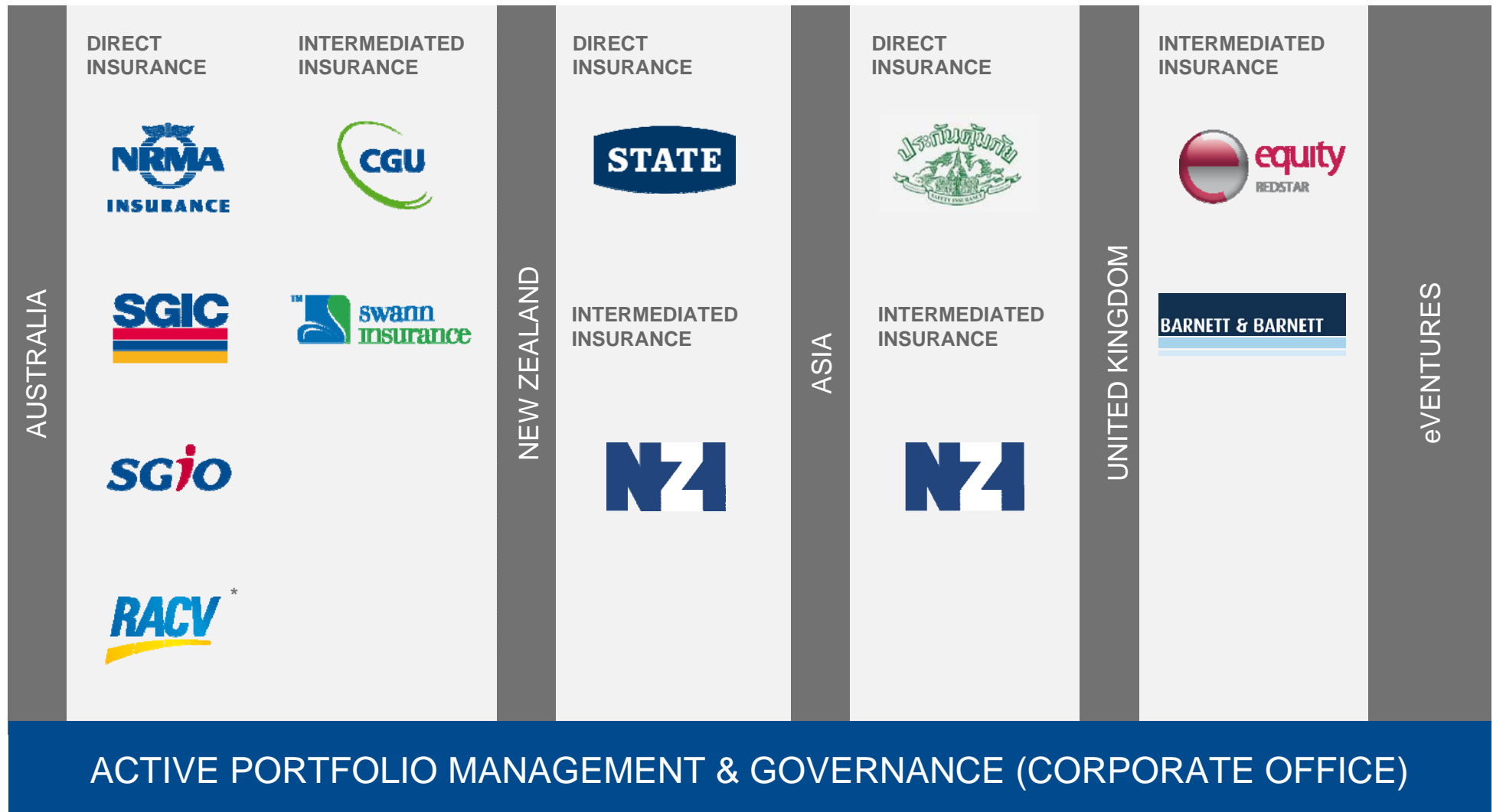
- **Consumers turning to brands they can trust – flight to quality**
- **Investment strategy – technical reserves and shareholders' funds**
- **Reinsurance strategy and exposure**
- **Strong capital and risk management protocols**
- **Sound business strategies, bringing long-term future trends and risks into today's strategic planning**

FY09 – A REBUILDING YEAR

- **Underlying GWP growth of 3-5%**
- **Reported GWP growth of 0-2% due to the Group's change in its UK strategy**
- **Insurance margin of 10%+ (now including corporate expenses)**

Subject to no material movement in foreign exchange rates and no catastrophes or large losses beyond our allowances and no material changes in credit spreads relative to 30 June 2008

OUR BUSINESS MODEL AND BRANDS



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