

Different Perspectives

towergate

Overview
August 2008



In ten years we have built a strong and profitable company which provides more specialist insurance solutions than any other intermediary in the UK. We now offer our brokers and clients a diversity of product and strength of service unmatched elsewhere in the industry.

It seems a very long way from our very first acquisition – a niche business insuring holiday homes.

However, it is the way Towergate has achieved its goals that is a source of particular pride to me. The distribution of insurance products to clients has changed beyond recognition over the past ten years and we have played a decisive role in this transformation. In particular I'd cite our pioneering

work in restoring and building relationships of trust between insurers, brokers and clients.

The 'value triangle', as we call it.

While the growth and increased scope of Towergate has attracted understandable industry and media interest, it is important to emphasise that we remain, at the very heart of our being, a specialist insurance operation. And as such we are consistently true to our core values.

The Towergate brand is vested in great value and we know there is a growing market consisting of individuals and businesses who reject the knock-down culture of the disposable society. They look instead for the essentials of the Towergate offer: competitively priced high quality products delivered by real people providing excellent advice and a first-class claims service.

I have always said that if you stand still you go backwards. So we will continue our ambitious growth strategy and have exciting plans for 2008 as we look to further strengthen our position in the market through organic growth and by acquisition.

Peter Cullum
Executive Chairman

Our numbers continue to provide great reassurance to shareholders, customers, intermediaries, insurers, employees, and the worthy causes we support.

Here are some of our **2007** headlines

Towergate Family - combined figures¹ including Paymentsshield and Open GI

4,600+ exceptional people

£2.1 billion gross written premium in 2007¹

£394 million total 2007 income¹

19% growth in income 2007 v 2006²



We are, of course, ever aware of the trap of complacency and we will maintain our unfaltering focus on the needs of our customers. One example being one of our managing directors and his team who during last summer's floods spent his entire Sunday with the owner of an inundated factory as

they toured the site to assess the damage and what could be done. It wasn't expected of them... but it was part of the service.

Towergate Partnership

No.1 we are Europe's largest independently owned insurance intermediary

4.3 million individual and commercial insurance policies

4,100+ agencies and outlets distributing our products

139 acquisitions successfully made³

200+ insurance products – the widest range in the market

110+ offices across the UK

£1.1 million raised for Help the Hospices and other good causes in 2006 & 2007

£278 million total 2007 income

14% growth in income 2007 v 2006

This wasn't a one-off either. Whilst all around us the impact of the floods were delivering a wake-up call to the industry, Towergate Assist policyholders had the benefit of their own on-the-spot loss assessor helping to drive through a fair and speedy resolution of their claim. At a time when the growing mountain of claims could have easily spelt costly delays and ruin for their business, they had real experts fighting their corner.

This goes some way towards showing why our customers told us in an independent survey that nine out of ten would recommend Towergate - long may that continue.

Andy Homer
Group Chief Executive Officer

1. Aggregated full year results for Towergate Partnership, Broker Network, Paymentsshield and Open International
2. Comparison between 2007 and 2006 aggregated figures
3. As at 31 December 2007

Towergate in action - how we made a difference to...

A major solar panelling company,



who moved to a 10 year old building where the risk of fire dramatically increased. Their local TRS office and Towergate London Market agreed a comprehensive risk management programme and insurance cover to reduce potential business risk whilst greatly increasing their peace of mind.

Smallbridge Brokers, agricultural engineers,



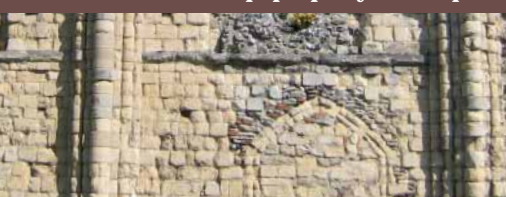
after fire ripped through their workshop one Friday evening. Although it was a holiday weekend, Towergate Assist were able to attend the premises and quickly find a way of keeping the company trading - thus saving them from highly costly business interruption.

Dave Taylor of Ownership,



who spotted his moored narrowboat, "Oasis II", on the TV news careering down the river in a flash flood, and feared the worst. Towergate Mardon swiftly arranged for the boat to be rescued, dried and repaired. It was back in the water within just a few weeks.

Downhill Group, property developers,



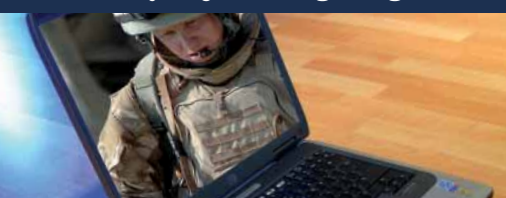
when they found that a new site for building a row of cottages required the maintenance and insurance of a Tudor wall. TRS Leeds agreed an upkeep regime with our underwriters and insurance to enable the project to proceed.

A Camasure client on safari in India,



when a tiger startled the elephant he was riding on and, in the ensuing commotion, lost his professional Canon camera and 200mm lens. A cheque was dispatched within a fortnight.

An army major serving in Afghanistan,



following some extreme manoeuvring in a helicopter when his bag was crushed and laptop damaged. His whereabouts meant normal procedures had to be put aside so Towergate Wilsons handled the claim by email and enabled a swift replacement to be delivered direct.

Enjoying success and making a difference

Retail Broking Business locations:

Aberdeen	Dumfries	Harpenden	Kettering	Newton Abbot	Romford	Stoke
Birmingham	East Kilbride	Harrogate	Leeds	New Malden	Sevenoaks	Sutton Coldfield
Bournemouth	Edinburgh	Harrow	Leicester	Northampton	Sheffield	Taunton
Braintree	Falmouth	Haywards Heath	Leominster	North Walsham	Shrewsbury	Telford
Bristol	Fareham	Hemel Hempstead	London	Nottingham	Southgate	Warwick
Bury St Edmunds	Glasgow	Henley	Maidstone	Oxted	Southwark	Whitstable
Byfleet	Great Yarmouth	Hinckley	Milton Keynes	Paisley	Stafford	Wokingham
Colchester	Guildford	Hull	Newcastle	Poole	Stockton-on-Tees	Worcester
Didcot	Halifax	Ilkley	Newquay			

Specialist Niche Broking Businesses include:

Agriculture	Care and nursing homes	Entertainment	Marine	Professional Indemnity
Archaeology	Cherished cars	Federation of Small Businesses	Medical Professions	Towergate London Market
Aviation	Consultants & therapists	Insurance for mortgage brokers and their clients	Military	Travel
Caravans & park homes	Education		Photography	Truck & road haulage

Broker Network Owned Broker Locations

Altrincham	Coventry	Garstang	Lancaster	Perth	Shrewsbury	Todmorden
Bishops Stortford	Denbigh	Glasgow	Leeds	Reading	Stirling	Wilmslow
Bury	Dumfries & Galloway	Kelso	Lowestoft	Shepton Mallet	Swindon	

Underwriting Division 'Zones'

Agriculture	Cherished Cars	Financial Risks	Let Property	PA & Travel
Aviation	Commercial Property Owners	Fusion – Commercial (SME)	Liability and Construction	Transit & Cargo
Binder Management	Commercial Underwriting	Fusion – Marine Cargo	Marine	Transportation
Care Homes	Entertainment	Household	Motor	Travel

Intermediaries can find out more about products available through Towergate Underwriting by contacting our Broker Support Unit on:

0870 901 0395

The Towergate Partnership Timeline



1997

Establishment of Towergate
3 acquisitions made

1998

First year of operation
Revenue £4.5m
7 acquisitions made

1999

Revenue £13m
7 acquisitions made

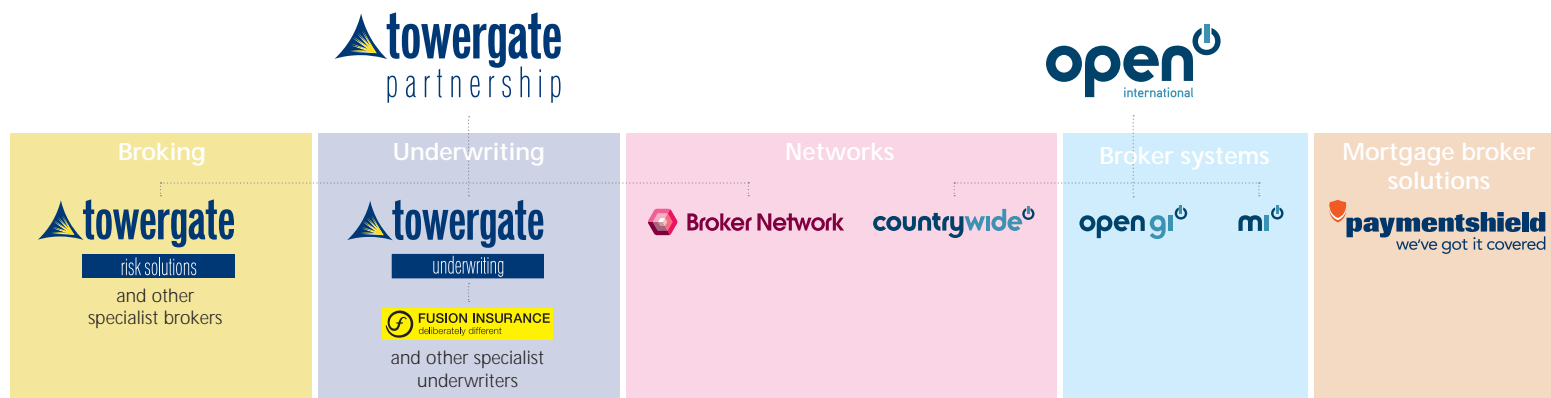
2000

GWP £75m
Revenue £16.7m
6 acquisitions made

The Towergate Family Structure as at August 2008

At the heart of the Towergate 'family' is Towergate Partnership - originally founded in 1997, and now Europe's largest independently-owned intermediary.

In addition, we have companies related by common shareholders: Paymentsshield is the leading provider of household and payment protection insurance through mortgage advisers. Open includes Open GI, the largest supplier of insurance systems and software to the broking industry and Countrywide which provides member brokers access to advantageous insurance products.



Towergate Partnership has three main areas of operation: Broking, Underwriting, and Networks for independent brokers.

Towergate's **Broking Division** has our customers' needs at the heart of everything we do and over many years our brokers have built long-term relationships based on integrity and openness. Key to our success has been local service and specialist expertise for our chosen communities and access to excellent advice, risk management, and a suite of leading insurance products.

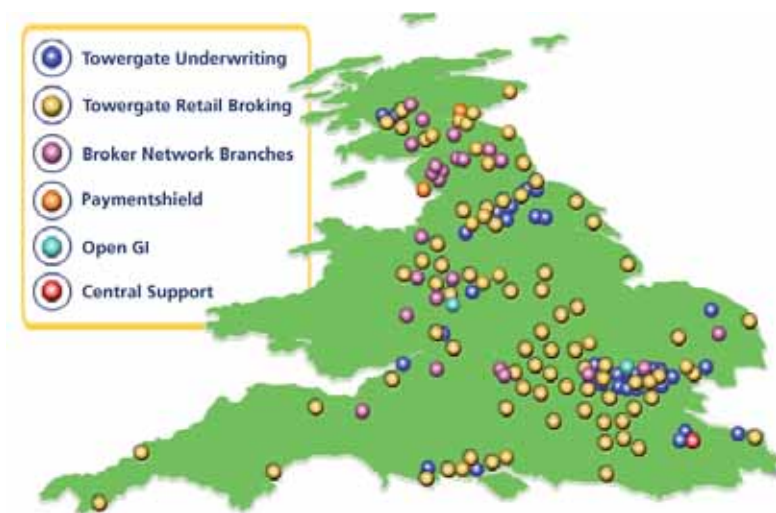
Both small and large customers benefit from working with trusted and experienced brokers who not only fully understand their issues and concerns, but have the industry relationships to fight their corner. Our retail broking businesses either select from the leading underwriting products and facilities available from Towergate Underwriting or use alternative insurer markets according to the best interests of the client.

Our **Underwriting Division** comprises a wide range of specialist businesses, each of which is focused on a particular industry or market sector. As 'virtual insurers' our businesses carry out most or all of the functions of an insurance company such as assessing and underwriting risks, administering the policies and handling claims and renewals.

This underwriting service is offered to both Towergate-owned brokers and over 4,000 non-Towergate brokers across the UK, all of whom benefit from the fact that we are in control of the high service levels we set across the board.

Our **Network Division** provides independent brokers with a range of services and facilities to enhance their efficiency, competitiveness, and profitability. This may simply mean access to leading insurance products, or full business support from regulatory compliance to marketing.

Towergate business locations



2001

GWP £120m
Revenue £27m
8 acquisitions made

2002

GWP £201m
Launch of Folgate
Revenue £43m
6 acquisitions made

2003

GWP £409m
Revenue £75.5m
24 acquisitions made

2004

GWP £669m
Revenue £124.4m
24 acquisitions made

2005

GWP £912m
Merger of Towergate & Folgate
Buy-out of RBS interests
Revenue £174.1m
22 acquisitions made

2006

GWP £1.1 billion
Revenue £243m
16 acquisitions made

2007

GWP £1.2 billion transacted
Revenue £278m
16 acquisitions made
139 acquisitions in total

Enjoying success Having fun and doing good are the two mainstays of the Towergate culture and the former was demonstrated by how colleagues celebrated Towergate's 10 year anniversary with each business in the group coming up with its own way of independently marking the event. The diverse range of party styles from Tower of London to James Bond evenings demonstrated the great diversity of Towergate.

Another example was the Towergate Fun Days at venues including Alton Towers with staff and families from over 70 businesses taking part.

And making a real difference Parties and fun days are a big part of the Towergate picture, but there is a serious benefit: in the last two years staff and clients have raised over £1million for hospices and other charities. Our employees have run, walked, bought, baked, flown, sky-dived and even gambled for charity and we applaud everyone who has taken part.

Towergate's fundraising efforts have increased to such a scale that we set up the Towergate Charitable Foundation, a transparent registered charity vehicle, to channel 100% of funds raised to our chosen causes. These are primarily: Help the Hospices, Childline, Great Ormond Street Hospital and Cancer Research. In addition Towergate Wilsons supports military-related charities.

Wherever possible, we like to know that the money raised is being put to tangible use. Donations in 2007

included a life-changing £500,000 to an under funded hospice, Tapping House, which secured their immediate future and gave a spring board for further fund raising and improved facilities. At the other end of the scale, we enabled a Sussex hospice to buy much-needed TV/DVD sets for their residents.



We continue to support our serving British troops, many of whom are living in uncomfortable circumstances - we acknowledge the sacrifice they are making for us. Amongst other contributions, Towergate staff organised 300 boxes of luxury goods to be sent over for the troops in Afghanistan.

The place to be At the end of 2007, we launched the Towergate Business School which, with the help of partners including Ashridge and Chartered Insurance Institute, gives all our colleagues a chance to help reach their potential. We were also the largest intermediary accredited as 'Chartered Insurance Brokers' by the CII, whose CEO, Dr Sandy Scott, remarked: "In an industry traditionally perceived as grey and unexciting, Towergate have been a breath of fresh air. They lead by example in their approach to, and investment in, developing their people and the service they give customers - we are proud to have them as a flagship partner".



Construction cover

The construction industry can be hazardous. Should anything go wrong, it is vital to have the right cover in place. Towergate offer specialist insurance tailored for a variety of trades and contractors.



Protecting the protectors

Security services in war-torn, politically volatile countries need insurance too. One such company is insured by Towergate ghbc and offers security services to the UN and others.



Sea Bee water taxis

Including urgently arranged cover for a demonstration of their 18 seat vehicle in Poland. Our team in Henley saved the day and Sea Bee won the order!



Safeguarding the hauliers

When transporting a wide variety of valuable goods, mishaps can occur. Towergate's RHA Insurance covers many of the UK's hauliers and their goods in transit, protecting them from the unexpected.



Supply teachers

If teachers are the backbone of society, what happens when they fall sick? Towergate education covers the cost of supply teachers for schools needing them.



Cone Donkey

Ever wondered how all those cones get neatly placed on the UK's motorways, highways and byways? We provide cover for Cone Donkey whose employees seemingly take their lives into their own hands, laying cones out by hand.



Eco houses

Luxuriate in a log cabin, build your own eco house with a 'living roof' or simply have peace of mind for the sweeping grounds of a listed property, it's all in hand at Towergate.



Some examples of our insurance solutions from A - Z

Accident Sickness & Unemployment Cover Advertising Agencies Agricultural Combined Agricultural Vehicle & Fleet Agricultural Machinery Merchant
Airforce Personnel Amateur Photographers Amusement Arcades Amusement / Theme Parks Army Personnel Aviation Bingo Halls Boat Builders / Repairers
Traders Bowling Alleys Builders Merchants Buy to Let Properties Cancellation, Abandonment & Non-Appearance Insurance Caravan Parks (Holiday, Touring
Residential) Caravans Care Homes Charities Cherished Cars Chiropractors Clubs & Societies Commercial Combined Commercial Package Commercial Vehicle
Competition Cars Complementary & Alternative Medicine Practitioners Confidential Death & Disablement Contractors Counselling & Other Therapists Credi
Insurance Directors & Officers Doctors & Dentists Electrical Retailers & Wholesalers Equine Package Equipment Hirers Event Cancellation / Adverse Weathe
Events Excess Layer Liability Exhibitions Farm Motor Farm Package Film Producers Combined Financial Failure for Tour Operators Fine Dining Restaurants
Flats Fleet & Mini Fleet Fleet Risk Management Football Clubs Formula One Freight Liability Garden Centres Golf Clubs Golf Clubs (Personal) & Equipment
Goods in Transit Hardware Shops Haulage Health & Fitness Clubs High Net Worth Holiday Homes & Chalets Home Hospices Hotels & Guest Houses Inns &
Guest Houses Jetskis Joiners Liability Kidnap, Extortion & Detention Legal Expenses (Commercial) Leisure Parks Let Properties Liability Listed Properties Log
Cabins Management Consultants Scheme Marine Cargo & Liability Marine Trades Marketing Specialists PI Material Damage Medical Professions Military
Home Military Kit Military PA & Travel Minibus Model Agencies & Model Management Mortgage Brokers PI Cover Mortgage Related Accident, Sickness &
Unemployment Motor for Specialist Entertainment Risks Motor Homes / RVs Motor Sport Music Producers Combined Musical Instrument Equipment Navy
Personnel Netball Clubs Office Insurance Officers' Effects Overseas Holiday Homes Osteopaths Park Homes Performance Cars Performing Arts Personal
Accident & Sickness (Commercial & Personal) Photo Laboratories Photo Libraries Photographic Studios Post Production Facilities Professional Indemnity Medical
Malpractice Professional Indemnity Professional Photographers Professional Sportspeople Property Property Owners Property Owners & Investors Public
Houses Quantity Surveyors Radio Contractors Removers Restaurants Retailers Risk Assessment Service Rugby Clubs & Players Schemes & Specialty Self Build
Sports & Leisure Clubs Stock Throughput Storers Supply Teachers Surgeries (Locum) Taxis & Mini Buses Thatched Property Tour Operators & Affinity Group
Combined Liability Travel Travel (Group Business) Travel (Tour Operators) Travel Indemnity Bonds Underpinned Properties Underwriting Binders Unoccupied
Properties Veterinarians Village Halls Vintage Vehicles Wine Bar Weddings Insurance Yacht & Boating Clubs Yachts & Small Craft Zoos & Safari Parks

www.towergate.co.uk

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ACQ
Magazine

Private Company
of the Year
2007 & 2008



Management
Team of the Year