

**TZ Limited**

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**Textron Fastening Systems and TZL agree on material terms of New Agreement.**

The Directors of TZ Limited ("TZL") (ASX:TZL) are pleased to advise that, consistent with the previous announcement released to the ASX on August 29, TFS and TZL have agreed in principal on the material terms of the New Agreement subject to finalization of the definitive terms of The New Agreement, currently being drafted and due for completion by November 15, 2004, subject to the approval of Textron Inc.

Specific commercial terms on which the parties have agreed, include:

- The payment of US\$5M to TZL for global exclusivity rights to its Intelligent Fastening Technology (IFT) in the Automotive and Aerospace Sectors.
- The payment of a further US\$5M to TZL to extend global exclusivity rights to all remaining market sectors.
- US\$5 million will be paid to TZL by January 30, 2005 with the balance paid in two installments, mid-year and year-end 2005.
- TFS to promote IFT as a global brand and provide effective deployment and utilization of resources necessary to maximize the exploitation of the technology, in line with agreed strategic objectives and performance milestones.
- Agreement to mutually explore and seek licensing opportunities with relevant third parties in sectors where TFS do not currently participate or where strategically appropriate.
- Other terms in regard to;
  - co-development
  - continuation of application engineering funding, and
  - royalty rates on revenue generated from commercialized end-products.
- Additionally, should it be appropriate for TZL to conduct an initial public offering on the NASDAQ or other similarly-regarded stock exchange in the future, the definitive New Agreement may include option rights for TFS to purchase stock in the listed entity. The number of options, exercise price and other terms and conditions relating to the option grant are still to be agreed upon by the parties.
- Completion of the definitive New Agreement is subject to the approval of Textron Inc. and satisfactory completion by TFS of its due diligence.



The Directors of TZL believe a relationship, as contemplated by the proposed new agreement, to be important to TZL for the following reasons:

- Textron Fastening Systems is one of the largest global fastening solutions companies in the world and is the leading manufacturer of engineered fasteners and an innovative developer of plastic and metal-engineered assemblies, installation tools and automation equipment. TFS brings credibility, global resources and long established customer relationships to the commercialization effort for IFT.
- The relationship underpins TZL's stated objective of establishing IFT as a new industry standard. With a global, committed partner with a multi-industry focus, supported by sales, manufacturing, engineering and distribution resources worldwide, TZL can leverage market access to global customers and focus its effort on building an extensive application sales base, which presents the fastest path to royalty revenue.
- The relationship provides TZL with the opportunity to pursue IFT licensing opportunities with third parties in market sectors where TFS do not currently participate, using the commercial presence of TFS to initiate contact and support the effort.
- The relationship provides the scale essential to attract the interests of leading Silicon Fabricators and potential industry specific Software Application Developers to form commercial partnerships, which should enable TZL to accelerate the development of a new proprietary operating system for fastening.
- Fragmenting promotional efforts across multiple partners would diffuse TZL's opportunities and require TZL to incur costly duplication of support and development resources.

This positive development of the TFS relationship should provide a platform for the broad commercialization of the Company's technology and accelerate the growth plans of the Company globally.

In addition to IFT, the Company is continuing to pursue licensing opportunities for its Assembly Enabling Technology and "Intanova" Interior Building Platform Technology (previously branded "FutureWall"), which are both excluded from the TFS agreement. The Company is pleased to announce that initiatives in these areas are progressing in accordance with plans:

- TZL is continuing to progress its relationship with Alcoa Engineered Products (Alcoa) and recently entered into a tri-party arrangement with Alcoa and a launch customer for the design, development, manufacture and marketing of an innovative building solution conceptualized by TZL for the US DIY residential market. It is envisaged that a favorable customer focus group study will pave the way for the commercialization of the product in late 2005.



- TZL has agreed commercial terms with its US launch partner for Intanova Technology and is now working to finalize regulatory certification and component supply to enable commercial release of a demountable office partition system. The Company has also received its first royalty payment from the Australian licensee of the technology, exceeding initial expectations for product acceptance and market penetration. Given similarities between the markets, the management of TZL anticipates that the level of success achieved in Australia can be replicated in both the US and Europe.

**For further clarification, please contact the CEO of Telezygology Inc, Chris Kelliher (+1 312 479 4491) or in Australia, the Chairman of TZL, Tony Leibowitz (+61 411 682 444) or John Falconer, director and company secretary (+61 411 420 720)**