

MEDIA STATEMENT

For immediate release

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AUSTRALIA

TOWER adjusts Christchurch earthquake provisions and concludes strategic review

(Auckland – NZ) TOWER Limited today announced that the impact of the Christchurch earthquakes continues to involve elements of uncertainty for the company and the Board feels that it is prudent to be conservative when providing for the amounts that will be paid out to affected policy holders. While claims have not dented TOWER's underlying financial strength, market expectations of TOWER's net profit after tax for the year ending 30 September 2012 should be reduced by \$9.4 million to take into account increases in claims provisions relating to the February 2011 event. This equates to a one-off impact of 3.5 cents per share.

While TOWER's reinsurance cover for this event has not been fully utilised, continued notification of claims and the application of an appropriate risk margin, together with an inflationary allowance, will bring the total claims and provisions over TOWER's \$325m of cover. Since the Christchurch earthquakes, TOWER has increased the limits on its reinsurance program to \$500m per event.

Group Managing Director, Rob Flannagan, confirmed that TOWER remains well capitalised at approximately \$475m of equity, well in excess of regulatory capital requirements.

Mr Flannagan also advised that TOWER had concluded a strategic review that began earlier this year. The review involved a comprehensive evaluation of aspects of the TOWER Group including capital structure, its existing four business units (Health, Life, Investments and General Insurance), and strategic acquisition and divestment opportunities.

Mr Flannagan said TOWER expects to be able to provide further information next week.

Ends

For further information, please contact:

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