

MEDIA STATEMENT

For immediate release

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TOWER considers proposals for delivering value to shareholders

(Auckland – NZ) TOWER Limited today announced it is considering a number of proposals with interested parties after completing a strategic review.

The review was overseen by the TOWER Board and was undertaken by senior management supported by Goldman Sachs.

TOWER Group Managing Director, Rob Flannagan, said it was the Board's view that TOWER's strength was not reflected in the market price for TOWER shares at a time when the company had achieved strong financial results and had strengthened operational efficiency.

While TOWER had outperformed the New Zealand market since its separation from TOWER Australia, it was the Board's view that more shareholder value could be created, Mr Flannagan said.

"To this end the Board is open to changing TOWER's business structure to improve the value achieved for shareholders and is considering proposals including operational alliances and divestment of assets.

"At this point, there is no expected outcome from the exercise, and any such transactions would need to make sound business sense before being progressed", he said.

An important consideration was to ensure that TOWER's policy holders were unaffected by any change and could continue to rely on the cover they have contracted with TOWER, Mr Flannagan said.

Announcements about the propositions being investigated would be made if they represented realistic options for the company, he said.

"It's in the best interests of shareholders to consider some of the proposals that have been put on the table. All proposals are being tested against TOWER's overriding objective which is to create value for shareholders."

Mr Flannagan said TOWER expected the processes with interested parties to be completed by the AGM in February next year. Until then, the focus for TOWER is on "business as usual".

TOWER Chairman, Bill Falconer, whose current term expires next February, has decided to step down now to enable a new Chairman to implement the initiatives emanating from the strategic review.

Mr Flannagan said the process of Board renewal was ongoing and the company was well resourced to assess and implement the opportunities flowing from the strategic review while actively managing its business operations.

Independent Board Member, Steve Smith, has been appointed as Interim Chairman.

Ends

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