

2 November 2012

For immediate release

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TOWER sells health insurance business

(Auckland – NZ) TOWER Limited today announced it has sold its health insurance business, TOWER Medical Insurance Limited, to nib holdings limited (nib) for approximately NZD\$102 million.

nib is one of Australia's fastest-growing health funds, providing affordable health cover to more than 900,000 customers throughout Australia. It is the only ASX-listed Australian private health insurer (ASX: nhf).

TOWER Group Managing Director Rob Flannagan said the sale of TOWER Medical Insurance Limited followed a strategic review of the Group's business, announced earlier in the year.

"We have carefully assessed our involvement in and outlook for each of the insurance markets in which TOWER operates. We do not consider that we will be able to achieve the necessary scale or return in this business in the immediate future, and therefore have made the strategic decision to sell TOWER Medical Insurance Limited."

nib's Managing Director, Mark Fitzgibbon, said the acquisition is in line with nib's strategy of expanding its operations into international markets.

"nib has been investigating opportunities in New Zealand for some time. TOWER Medical meets nib's strict investment criteria in terms of strategic rationale and return on investment," Mr Fitzgibbon said.

"With a market share of approximately 13%, TOWER Medical provides an opportunity to emulate the success nib has achieved in Australia since its listing in 2007 through brand building, product design, distribution and outstanding customer service," he said.

"In addition to leveraging our own core capabilities, TOWER Medical has had success working with financial advisers and we look forward to working with them to further develop this important distribution channel to grow market share," Mr Fitzgibbon added.

Mr Flannagan said TOWER would be working closely with nib to ensure that customers continued to receive the high standards of service they had come to expect from TOWER Medical Insurance Limited.

"nib's customer service expertise and strong track record in medical insurance will bring obvious benefits to our customers and the broader New Zealand market.

"We look forward to working together with nib and to building a long-term relationship that will deliver benefits to TOWER customers through the insights, expertise and strong track record in medical insurance that nib will bring to the New Zealand market."

Mr Flannagan said the TOWER Board was satisfied with the sale price of approximately \$102 million that had been achieved. Capital management was a key focus for the Board, and it intended repaying capital to shareholders of not less than the proceeds of the sale.

The sale of TOWER Medical Insurance Limited to nib is subject to Overseas Investment Office approval and other conditions customary for a transaction of this type. Subject to satisfaction and timing of conditions, settlement is likely to occur before 31 December 2012.

TOWER expects its Group net profit after tax for the year ended 30 September 2012 to exceed the upper end of published analyst ranges. Net profit after tax is expected to be in the range of \$51 million to \$56 million, including a positive \$9 million discount rate effect.

Ends

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