TOWER

6 November 2006

Market Information
New Zealand Exchange Limited
NZX Centre
Level 2, 11 Cable Street
Wellington
NEW ZEALAND

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA
ARBN 088 481 234 Incorporated in New Zealand

Dear Sir/Madam

TOWER Limited – Chairman's Address to Special Meeting

Please find *attached* the following document:

- Chairman's address to the TOWER Limited Special Meeting of shareholders being held in Wellington today at 10am (NZ time).

Yours faithfully

P. E. Ellis

Philippa Ellis
General Manager, Investor Relations & Corporate Services
TOWER Limited

TOWER LIMITED SPECIAL MEETING

10.00AM (NZ time) MONDAY 6 NOVEMBER 2006
THE SOUNDINGS THEATRE
MUSEUM OF NEW ZEALAND TE PAPA TONGAREWA
CABLE STREET, WELLINGTON, NEW ZEALAND

Good morning and welcome ladies and gentleman, my name is Keith Barton, the Chairman of TOWER Limited. I note that a quorum is present and I therefore declare TOWER's Special Meeting to consider the proposed separation of TOWER's New Zealand and Australian businesses to be open.

The purpose of today's meeting is to consider three resolutions to effect the Separation Proposal and a separate resolution to grant new options to Mr. Jim Minto (the Chief Executive Officer and Managing Director of TOWER Australia). These resolutions are as set out in the Notice of Meeting and the Scheme Book, which were recently sent to shareholders. TOWER will not implement the Proposal unless all three of the separation proposal resolutions are approved.

To begin with, I would like to introduce to you the other directors of TOWER who join us today.

Bill Falconer, Tony Gibbs, John Spencer, Gary Weiss, Denis Wood, Jim Minto – Susie Staley is an apology.

In addition, we have Philippa Ellis our Company Secretary and Rob Flannagan the new Chief Executive of TOWER New Zealand.

Before we proceed with the formal business of today's meeting, I would like to take the opportunity to summarise for you the key benefits of the separation Proposal as we see them. I will also run through the mechanics of the separation and its impact on shareholders as well as reviewing the alternatives your Board considered prior to proposing the separation.

Jim Minto will then outline the priorities for the Australian business and Rob Flannagan will outline the priorities for the New Zealand business following the separation.

Benefits of the Proposal

The geographic separation of TOWER's New Zealand and Australian businesses is being recommended by the Board as we believe that a separation has the potential to create future value for TOWER shareholders.

TOWER's New Zealand and Australian businesses have different characteristics, operations and strategies and do not gain natural operational synergies from working together. The separation will enable each company to focus on its own strategies for growth with direct access to funding and capital markets as needed. This is expected to provide greater longer term value in the separate businesses. With separate businesses listed in New Zealand and Australia, investors will have the ability to choose whether to invest directly in either or both companies based on the investment characteristics that best meet their own objectives.

The separation will also simplify the structure of both companies. Improved business transparency and simplicity will allow investors to more easily understand and evaluate the performance and potential of each company and this is expected to result in a more accurate valuation of the true worth of each.

Mechanics of the Proposal

Turning now to the mechanics of the Proposal.

The Proposal to separate TOWER's New Zealand and Australian businesses has two main elements. Firstly, TOWER will effect the separation by transferring all of its shares in TOWER Australia Group Limited (TAL) to TOWER Shareholders on a pro-rata basis of 0.6511 TAL Shares for every TOWER Share held. TAL's shares will then be listed on the Australian Stock Exchange. In return for that transfer, TOWER will cancel 0.476 TOWER Shares for every TOWER Share held by each TOWER Shareholder.

Secondly, following the separation, TAL will undertake an Entitlements Offer to raise 160 million Australian dollars. As part of the Proposal, TAL will separately borrow new external bank debt of A$150 million (of which only A$135 million will initially be drawn down), and TOWER New Zealand will borrow new external debt of NZ$85 million. The proceeds of this new capital and debt will be used to repay all of TOWER's current external debt, to repay all intercompany advances between the Australian and New Zealand businesses and to provide capital to support the future growth and new business development of both TAL and TOWER New Zealand.

Under the Entitlements Offer, TAL Shareholders will be given Entitlements to buy 0.4269 TAL Shares for every TAL Share held on 27 November 2006 at a price of A$1.60 per TAL Share. The Entitlements will be tradable on the Australian Stock Exchange, should shareholders not wish to take up their Entitlements.

We are pleased that TOWER's major shareholder, GPG, has agreed to underwrite the Entitlements offer on commercial market terms and conditions. GPG's ongoing support of the company and, in particular, of this transaction is a vital element in its implementation.

Other Options Considered

Following our very successful spin-off of Australian Wealth Management in early 2005, TOWER has been looking at how it could further enhance shareholder value. Before recommending the Proposal, the Board and its advisers considered some alternatives. Separation along product lines and geographic separation were identified as the best alternatives as the New Zealand and Australian businesses do not have natural operational synergies. Maintaining the existing structure was not considered optimal.

The two alternatives were evaluated against a number of criteria, including ability to maximise shareholder value, ability of each separated entity to implement its strategies and sustain itself as a separate entity. Based on these criteria, a separation of TOWER into two geographically focused listed entities was determined to be the best structure to enhance shareholder value.

Independent Expert's Report and Board Recommendation

In order to assist you in assessing the merits of the Proposal, the Board appointed independent expert Lonergan Edwards to review the details of the separation Proposal and the underwriting agreement.

Lonergan Edward's report concluded that the Proposal to separate TOWER's New Zealand and Australian businesses is in the best interests of TOWER Shareholders, the terms and conditions of the Underwriting Agreement are fair to TOWER shareholders not associated with GPG and the Option Reconstruction is fair and equitable to TOWER Shareholders.

All of TOWER's Directors support the Separation of the New Zealand and Australian businesses of TOWER and recommend that you vote in favour of it. All of TOWER's Directors who are independent of GPG recommend that you also vote to approve the Underwriting Agreement with GPG. All of TOWER's Directors (other than Mr Minto) consider the reconstruction of the employee options, and the grant of the new options to Mr Minto, are fair and recommend that you vote in favour of both.

I would now like to invite Jim Minto and then Rob Flannagan to say a few words regarding the TOWER Australian business and TOWER New Zealand business.

TOWER

TOWER Australia Group Limited for TOWER Limited Shareholder Meeting 6 November

Jim Minto

Group Managing Director

TOWER Australia (TAL)
Market Position

- TAL is a leading independent specialist life insurer in Australia
  - Inforce premium income in excess of A$600 million and 12% market share
- TAL is the market leader in the group sector with 17.4% share and No. 6 in the retail market
- TAL has grown in excess of market for the past 3 years which has grown at over 10% pa for past 10 years
- Strong relationships with both traditional and 'new' distributors
- TAL has A$3bn niche investment business

TOWER Australia
Overview of Performance

- TAL has steadily improved operating earnings since 2004 through:
  - cost reductions
  - improved lapse rates
  - increased sales, and
  - exiting unprofitable lines
- TAL has a strong balance sheet including:
  - low gearing
  - conservative shareholder asset mix
- TAL competes based on better understanding our customer and distributor needs, leadership in product design and superb service.

TOWER Australia
Vision

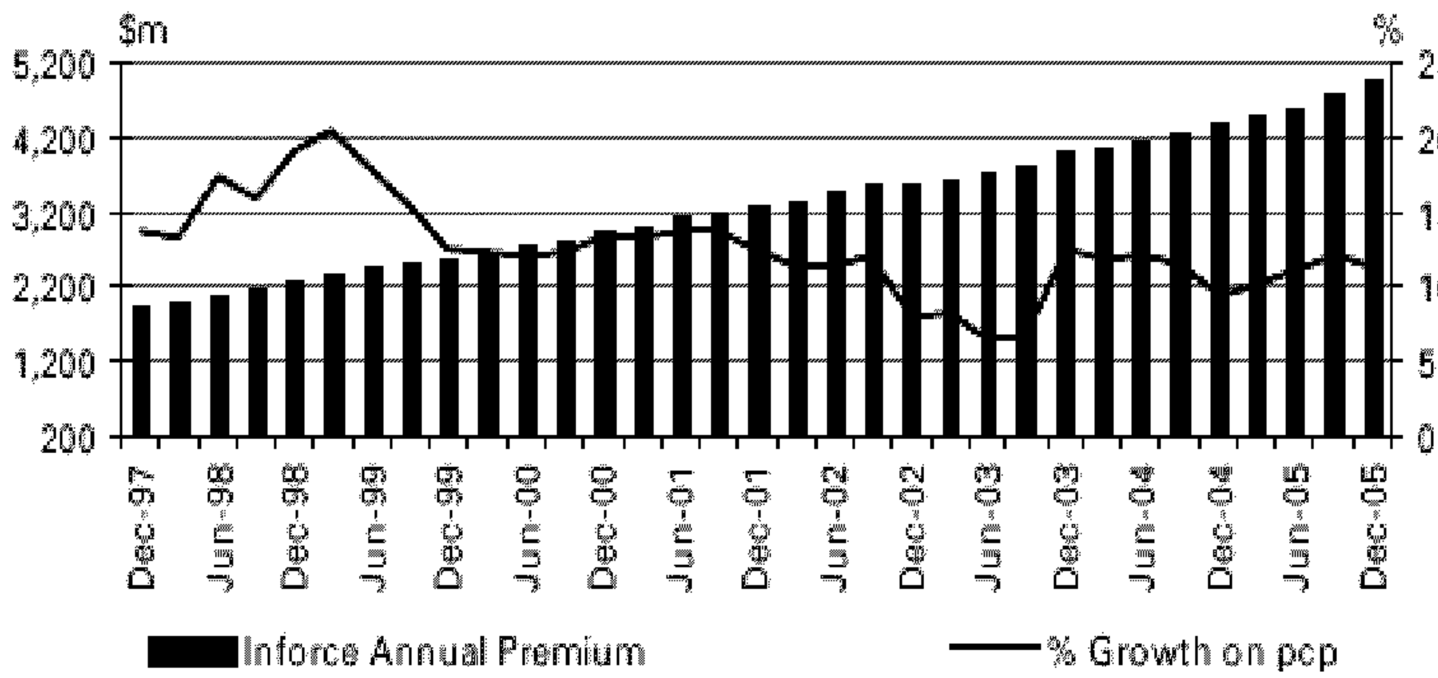
- To be the leading specialist life risk business in Australia, offering complementary investment products sold through our chosen distribution partners
- The vision is driven through the following strategic objectives:
  - Developing diversified distribution channels
  - Securing major new business and distribution relationships
  - Product and service leadership
  - Strict financial control to manage costs and capital structure
  - Building a credible and profitable investment proposition
  - Creating a high performance team and culture

TOWER Australia
2007 Outlook

- In 2007, the businesses will focus on:
  - Increasing sales through advisers
  - Maintaining mastertrust growth and margins through enhanced services
  - Completing the integration of PrefSure
  - Developing existing and new alliances
  - Launching new retail and corporate superannuation investment offerings
  - Implement various business improvement projects in its investment business
  - Enhancing product margins and Return on Equity

Total Australian Life Risk Market – In Force

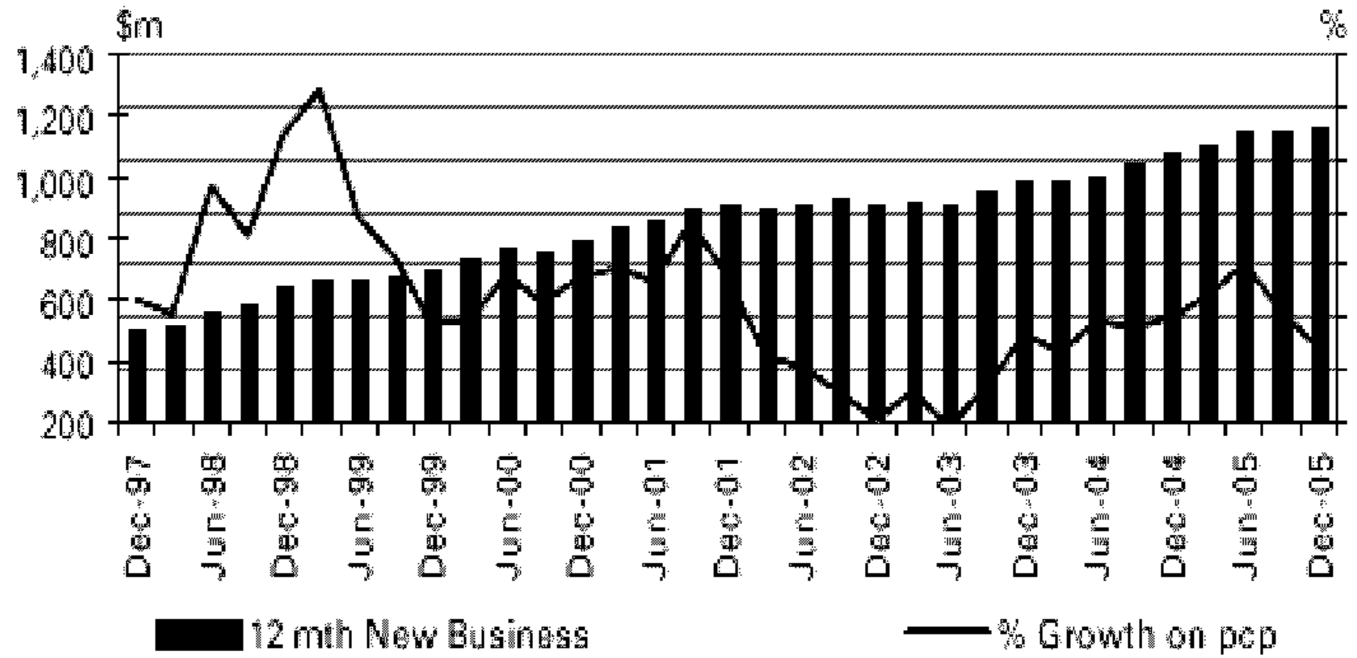
Total industry inforce premium (A$m, LHS) and growth (%, RHS)



Source: Plan For Life

Total Australian Life Risk Market – All New Premiums

Total industry new premiums (A$m, LHS) and growth (%, RHS) (12 month rolling basis)



Source: Plan For Life, Deutsche Bank

TOWER Australia
Summary

- Leading independent life insurer in Australia
- Niche investment business
- Well positioned in high growth and high margin segments
- Broad based and rapidly expanding distribution capability
- Experienced and focused board and management team
- Strong balance sheet and low levels of gearing

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TOWER Limited. NZ businesses for TOWER Limited Shareholder Meeting 6 November

Rob Flannagan

Chief Executive Officer, TOWER New Zealand

TOWER NZ
Market Position

- TOWER is a well known brand and participates in the general insurance, health insurance, life insurance and investment markets
- TOWER also operates in the commercial insurance market in the Pacific Islands
- General Insurance holds 4th largest market share in the retail market and second largest in Health Insurance
- TOWER Investments is a leading wholesale fund manager in the NZ market and recipient of many industry awards

An Enviable Record
FundSource Fund Manager of the Year

	Placing
1995	Joint Winner
1996	Winner
1997	Winner
1998	Winner
1999	Joint runner-up
2000	Joint runner-up
2001	2nd runner-up
2002	No Place
2003	Runner-up
2004	Winner
2005	Winner
2006	2nd runner-up

TOWER NZ
Overview of Performance

- All businesses have undergone a major transformation over the past 18 months
- Health & Life has made good progress in restoring health margins, lifting service capability and rebuilding sales momentum. Performance of the life business has been mixed but good progress has been achieved overall.
- General Insurance has experienced weak underwriting profits driven by losses on home insurance partly offset by strong earnings from motor and Pacific Islands
- Investments has focused on major transformations and reinvestment in the business

TOWER NZ
Vision

- To be a leading provider in Life, General and Health Insurance products
- To be a leading wholesale asset manager and provider of investment products to retail and employee benefits markets
- The vision is driven through the following strategic objectives:
  - Developing more diversified distribution channels
  - Securing additional new business and distribution relationships from existing channels
  - Product and service leadership
  - Ensuring strict financial control to manage costs and capital structure
  - Maintaining and leveraging the strong market position in NZ investments
  - Creating a high performing team and culture

TOWER NZ
2007 Outlook

- We will continue to focus on improving profit margins and growing market share of new business
- Health & Life will continue developing aligned and new distribution channels and improving customer retention
- General Insurance will continue to focus on investing in the brand, service improvements, profitable product pricing, improving retention and claims management
- Investments will aim to continue its award winning investment performance, launch Kiwisaver and continue back office simplification and outsourcing

TOWER NZ
Summary

- Strong profit improvement in the first half and we expect a strong improvement for the full year to 30 September 2006
- Highly recognised retail brand
- A leading non bank financial services provider in NZ
- Strengthening operating margins driven by price increases, good claims management and cost management
- Strongly improving business to business alliance capability
- Well positioned to take advantage of future growth in the investment markets
- Experienced and focused board and management team
- Strong balance sheet, low levels of gearing, strong free cashflow