7 July 2011

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

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA

REINSURANCE UPDATE

TOWER is pleased to confirm it has completed the purchase of reinsurance cover for another catastrophe event in the current financial year. This follows TOWER's decision on 23 June 2011 to treat the 13 June 2011 Christchurch aftershock as an event under its reinsurance arrangements. TOWER has cover in place for two further events in the year to 30 September 2011. The excess on each of the two events that have already occurred in the current financial year has been $5 million before taxation. The excess on a third event will be $2 million and on a fourth event will be up to $7 million.

As previously disclosed, TOWER expects the aggregate costs associated with the 22 February 2011 earthquake and 13 June 2011 aftershock, including reinsurance excess, the purchase of additional reinsurance to maintain cover, and associated costs, to increase TOWER's expenses in the financial year to 30 September 2011. TOWER currently expects the aggregate increase in expenses to range from $22 million to $26 million after taxation, which compares with original estimates of $22 million to $31 million advised in TOWER's announcements dated 11 March 2011 and 23 June 2011.

Rob Flannagan
Group Managing Director
TOWER Limited
DDI: +64 9 369 2057
Email: rob.flannagan@tower.co.nz

ARBN 088 481 234 Incorporated in New Zealand