

Dear Shareholder

**Tower Annual Shareholder Meeting – Thursday 30 March 2017**

Please find enclosed a Notice of Meeting and Proxy Form for Tower's Annual Shareholder Meeting, to be held at 10.00am on Thursday 30 March 2017.

The Annual Shareholder Meeting is required to be held under the New Zealand Companies Act. At this meeting, the Company's performance for the year ending 30 September 2016 will be presented and shareholders will be able to:

- Vote on the re-election of directors and the re-appointment and remuneration of auditors
- Ask questions about Tower's performance

Please read the Notice of Meeting carefully and – if required – fill in and return the Proxy Form as directed.

**Tower subject to competing takeover offers**

As many shareholders will be aware, Tower Limited is currently the subject of two competing takeover offers.

On 9 February 2017, Tower announced it had entered into a Scheme Implementation Agreement with Fairfax Financial Holdings Limited (the "Fairfax proposal"). Under this agreement, Fairfax will acquire 100% of Tower shares at \$1.17 per share.

On 22 February 2017, Tower received a non-binding indicative offer from Suncorp Group Limited (via its wholly-owned subsidiary, Vero Insurance New Zealand Limited) to acquire 100% of Tower shares at an indicative cash price of \$1.30 per share.

The Tower Board of Directors is currently reviewing all options and will provide additional information to shareholders in due course. A Special Meeting will then be called to enable shareholders to vote on the recommended proposal.

**Tower Special Meeting – date to be announced**

As noted, a Special Meeting is required to enable shareholders to vote on the recommended proposal. The date of that meeting is yet to be determined but is likely to be in late April 2017.

At this meeting, shareholders will be able to:

- Ask questions about the recommended proposal
- Vote on the recommended proposal

Prior to this meeting, Tower will distribute detailed information about the recommended proposal, including the Independent Adviser's Report commissioned by the Tower Board of Directors.

For the recommended transaction to proceed, it must be supported by at least 75% of votes cast, representing more than 50% of the total voting rights of the company.

### **Signing up to receive electronic communications**

Given the short timeframe and the potential for postal delivery delays, Tower is encouraging all shareholders to register to receive Special Meeting and subsequent information electronically. Simply log in to [www.investorcentre.com/nz](http://www.investorcentre.com/nz). Select 'My profile' and click on the 'update' button on the communication preferences tile. You will need your CSN or Holder Number and FIN to access the Investor Centre and register your account. Alternatively you can email [tower@computershare.co.nz](mailto:tower@computershare.co.nz) requesting to receive information electronically. If you have any questions regarding the electronic registration process, please contact Computershare at 0800 222 065.

The board and management of Tower thank you for your continued support.

A handwritten signature in dark blue ink, appearing to read 'Michael Stiasny', is positioned above the printed name and title.

Michael Stiasny  
Chair, Tower Limited

# Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Tower Limited (**Tower** or the **Company**) will be held at:

**Where** Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Auckland, New Zealand

**When** Thursday 30 March 2017 at 10.00am (New Zealand time).

## Agenda

### 1. Chairman's review

Introduction and review by the Chairman in relation to the financial year ended 30 September 2016.

(See Explanatory Note re items 1 and 2)

### 2. Chief Executive Officer's review

Review by the Chief Executive Officer in relation to the financial year ended 30 September 2016.

(See Explanatory Note re items 1 and 2)

### 3. Appointment and remuneration of auditor

#### Resolution 1:

To record the reappointment of PricewaterhouseCoopers as auditor of Tower Limited and to authorise the Directors to fix the auditor's remuneration.

(See Explanatory Note re item 3)

### 4. Retirement and re-election of Directors

Michael Stiassny and Graham Stuart retire by rotation, and being eligible, offer themselves for re-election.

Accordingly, each by separate ordinary resolution:

#### Resolution 2:

To re-elect Michael Stiassny as a director; and

#### Resolution 3:

To re-elect Graham Stuart as a director.

(See Explanatory Note re item 4 for biographical details)

### 5. General business

To consider any other business that may be properly brought before the Annual Meeting.

(See Explanatory Note re item 5)

Refreshments will be served following the Annual Meeting.



David Callanan  
Company Secretary  
10 March 2017

### **Proxies**

A Proxy Form is included with this Notice of Annual Meeting. A shareholder entitled to vote at the Annual Meeting but who cannot attend may appoint a Proxy to attend the Annual Meeting and vote on his or her behalf. A Proxy need not be a Tower Limited shareholder.

To be valid, a completed Proxy Form (and any power of attorney under which it is signed) must be deposited with Tower Limited no later than 10:00am (New Zealand time) on Tuesday 28 March 2017.

A completed Proxy Form may be deposited by posting in:

**New Zealand** to Tower's Share Registry, Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand, or

**Australia** to Tower's Share Registry, Computershare Investor Services Pty Limited, GPO Box 3329, Melbourne, VIC 3001, Australia.

A Proxy Form may also be deposited by faxing it to +64 9 488 8787.

Alternatively you can appoint a proxy online by going to [www.investorvote.co.nz](http://www.investorvote.co.nz), or if you have a Smartphone, by scanning the QR code on the first page of the proxy form and following the prompts.

Online and Smartphone proxy appointments must be received by 10:00am (New Zealand time) on Tuesday 28 March 2017. Please see your proxy form for further details.

### **Eligibility to vote**

Any shareholder whose name is recorded in the Tower Limited share register at the close of business on Tuesday 28 March 2017 is entitled to attend the Annual Meeting and vote either in person or by Proxy (subject to the time limits for returning Proxy Forms).

### **Ordinary resolutions of shareholders**

An ordinary resolution is a resolution approved by a majority of 50% or more of votes of those shareholders entitled to vote and voting on the resolution.

### **Webcast**

An audio webcast of the Annual Meeting will be played live on the Tower website: [www.tower.co.nz](http://www.tower.co.nz). It will also be available on the Tower website for replay on demand shortly after the Annual Meeting.

# Explanatory Notes

These notes form part of the Notice of Annual Meeting

## Explanatory Note re items 1 and 2:

### Reviews by Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer will each give a presentation in respect of the financial year ended 30 September 2016. Events occurring after 30 September 2016 will also be discussed.

Shareholders can access a copy of the annual report for the year ended 30 September 2016 on Tower's website, [www.tower.co.nz](http://www.tower.co.nz)

Highlights for the financial year ended 30 September 2016:

- Reported full year loss of \$21.5 million impacted by IT impairments and further Canterbury provisions
  - \$14.1 million impact from impairment of technology assets announced in the first half following review of IT infrastructure
  - \$25.3 million impact from additional Canterbury provisions reflecting ongoing complexity of the situation
- Underlying profit after tax of \$20.1 million, improved second half performance with underlying profit growing from \$7.6 million in H1 16 to \$12.6 million in H2 16
- Business initiatives driving improvements in core metrics providing confidence in strategy and future performance targets:
  - Reduction in management expenses allowing investment in the future
  - Return to positive policy growth in the core New Zealand book
  - 2.6% improvement in Tower Direct retention rates over the year
  - Supply chain initiatives curtailing claims cost growth in the second half
  - Invested in new products and digital capability
- Full year dividend placed on hold to retain capital

## Explanatory Note re item 3:

### Appointment and remuneration of auditor (Resolution 1)

Section 207T of the Companies Act 1993 provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes PricewaterhouseCoopers to continue as the Company's auditor, and PricewaterhouseCoopers has indicated its willingness to do so.

Section 207S of the Companies Act 1993 provides that the fees and expenses of the auditor are to be fixed

in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees be fixed by the Directors.

Tower's Board unanimously recommends that shareholders vote in favour of Resolution 1.

## Explanatory Note re item 4:

### Retirement and re-election of directors (Resolutions 2 and 3)

The NZX Main Board/Debt Market Listing Rules require that at least one third of the directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year, but shall be eligible for re-election at that meeting. The directors to retire are those who have been longest in office since their last election.

Two directors are required to retire at this meeting. Michael Stiassny and Graham Stuart are the directors longest in office since their last election. Michael Stiassny and Graham Stuart, being eligible, offer themselves for re-election.

Background details of the Directors offering themselves for re-election, at this Annual Meeting are set out below.

#### Michael Stiassny

LLB, BCom, FCA, CFInstD  
Chairman  
Non-Executive Director  
Independent  
Appointed Director: 12 October 2012

Michael is a Fellow of Chartered Accountants Australia and New Zealand and senior partner of KordaMentha, based in Auckland, which specialises in financial consulting work. He has both a Commerce and Law degree from the University of Auckland. He is currently Chairman of Vector Limited, Chairman of Ngati Whatua Orakei Whai Rawa Limited, and is a director of a number of other companies. Michael is President and a Chartered Fellow of the Institute of Directors in New Zealand (Inc).

Michael resides in Auckland, New Zealand.

Tower's Board unanimously recommends that shareholders vote in favour of Mr Stiassny's re-election (Resolution 2).



**Graham Stuart**

BCom (Hons), MS, FCA  
Non-Executive Director  
Independent

Appointed Director: 24 May 2012

With over 30 years of senior management experience, Graham has held senior leadership roles with several major corporates, in New Zealand and overseas, the latest being the Sealord Group of which he was Chief Executive Officer for 7 years. Prior to that he held a number of diverse leadership roles including CEO of Mainland Products, Managing Director of Lion Nathan International, and Chief Financial Officer and Director of Strategy for the Fonterra Co-operative Group. Graham has a Bachelor of Commerce (First Class Hons) from the University of Otago, a Master of Science from Massachusetts Institute of Technology and is a Fellow of Chartered Accountants Australia and New Zealand. Graham has served on a number of Government bodies including the Food & Beverage Taskforce and the Maori Economic Development Panel.

Graham resides in Auckland, New Zealand.

Tower's Board unanimously recommends that shareholders vote in favour of Mr Stuart's re-election (Resolution 3).

**Explanatory Note re item 5:****General business**

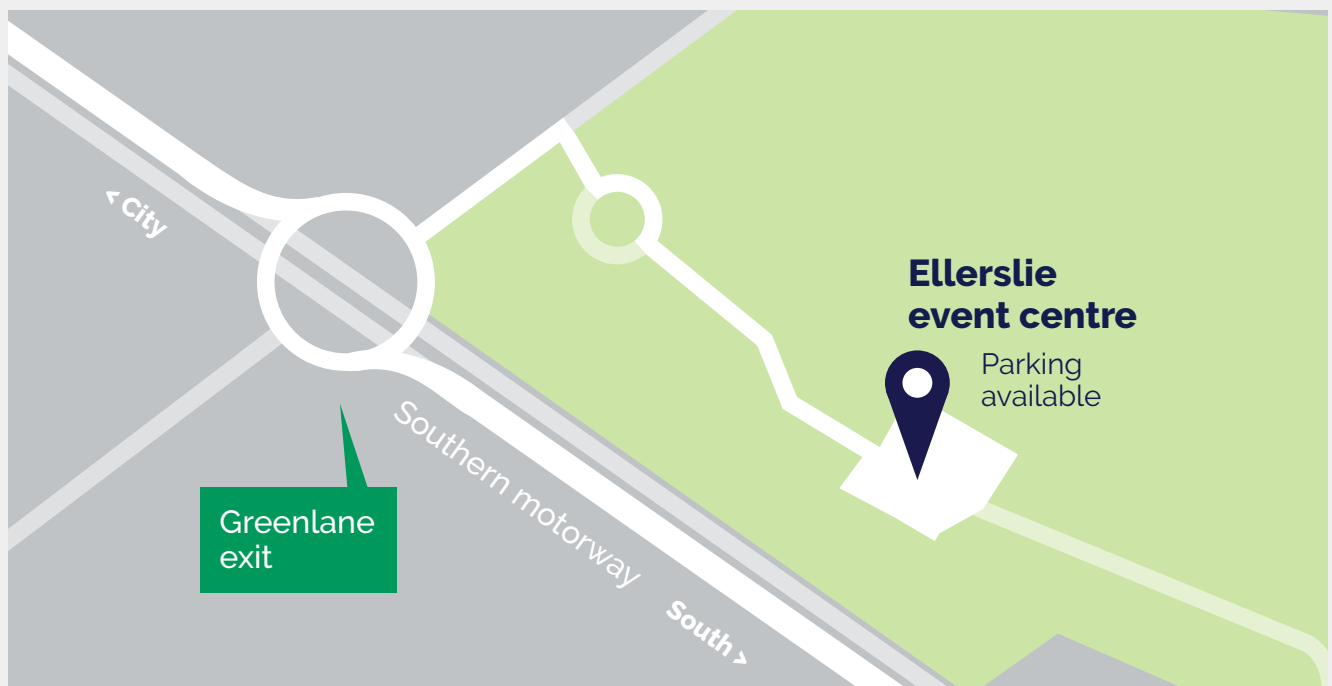
There will be an opportunity to raise any other business that may be properly brought before the Annual Meeting which has not otherwise been addressed.

As many shareholders will be aware, Tower is currently the subject of two competing takeover offers. On 9 February 2017, Tower announced it had entered into a Scheme Implementation Agreement with Fairfax Financial Holdings Limited (the "Fairfax proposal"). Under this agreement, Fairfax will acquire 100% of Tower shares at \$1.17 per share.

On 22 February 2017, Tower received a non-binding indicative offer from Suncorp Group Limited (via its wholly-owned subsidiary, Vero Insurance New Zealand Limited) to acquire 100% of Tower shares at an indicative cash price of \$1.30 per share.

The Tower Board of Directors is currently reviewing all options and will provide additional information to shareholders in due course. A Special Meeting will then be called to enable shareholders to vote on the recommended proposal.

We encourage shareholders to sign up to receive this information electronically.

**Directions** to Ellerslie Event Centre and parking details

## Proxy/Voting form

For your vote to be effective it must be received by **10:00 am** (New Zealand time) **Tuesday 28 March 2017**



Vote online: **[www.investorvote.co.nz](http://www.investorvote.co.nz)** available 24 hours a day, 7 days a week

### Your secure access information

Control number:

CSN/Securityholder Number:

**Please note:** You will need your CSN/Securityholder Number and Postcode or country of residence (if outside New Zealand) to securely access Investorvote and then follow the prompts to appoint and exercise your vote online.



### Smartphone?

Scan the QR code



### Lodge your vote



#### By mail in New Zealand:

Tower Share Registry  
Computershare Investor Services Limited  
Private Bag 92119, Auckland 1142, New Zealand



#### Or mail in Australia:

Tower Share Registry  
Computershare Investor Services Pty Limited  
GPO Box 3329, Melbourne, VIC 3001, Australia



**By Fax in New Zealand:** +64 9 488 8787

**By Fax in Australia:** +61 3 9473 2555



### For all enquiries contact

Freephone within New Zealand: 0800 222 065  
Telephone within New Zealand: +64 9 488 8777  
Freephone within Australia: 1800 501 366  
Telephone within Australia: +61 3 9415 4083  
[corporateactions@computershare.co.nz](mailto:corporateactions@computershare.co.nz)



### How to Vote on Items of Business/Resolutions

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

#### Voting of your holding

Direct your proxy how to vote by making the appropriate election, either online or on this Proxy Form, in respect of each item of business / resolution overleaf. If you do not make an election in respect of a resolution, your proxy may vote as he/she sees fit. If you make more than one election in respect of a resolution your vote will be invalid on that resolution.

#### Appointment of proxy

The Chairman of the Meeting or any Director is willing to act as a proxy for any securityholder who wishes to appoint him / her. To appoint the Chairman of the Meeting or any Director as your proxy write "The Chairman of the Meeting", or to appoint a

Director or another person as your proxy write the full name of that Director or the full name of such other person (as applicable) in the space allocated on the reverse of this form. If you do not appoint a proxy your Proxy Form will be invalid. Your proxy need not also be a securityholder. The Chairman and Directors intend to vote all discretionary proxies in favour of all resolutions.

### Attending the Meeting

**Bring this form** to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission.

### Signing Instructions for Proxy Forms

#### Individual

Where the holding is in one name, the securityholder must sign.

### Joint Holding

Where the holding is in more than one name, all of the securityholders should sign.

### Power of Attorney

If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this Proxy Form.

### Companies

This form should be signed by a Director or an authorised officer. Please sign in the appropriate place and indicate the office held.

### Comments and questions

If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

Please turn over to complete the form to vote

# Proxy/Corporate Representative form

## 1 Step one appoint a Proxy to vote on your behalf

I/We being a member/s of Tower Limited

appoint  of

or failing him/her  of

as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, the proxy will vote as he/she sees fit) at the Annual Meeting of shareholders of Tower Limited to be held at Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand on Thursday 30 March 2017 at 10.00am and at any adjournment of that meeting. If you wish, you may appoint as your proxy 'The Chairman of the Meeting'.

## 2 Step two Items of Business/Resolutions - Voting Instructions/Ballot Paper (if a Poll is called)

**Please note:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolutions	FOR	AGAINST	PROXY DISCRETION	ABSTAIN
1 <b>Appointment and remuneration of the Auditor:</b> To record the reappointment of PricewaterhouseCoopers as auditor of Tower Limited and to authorise the Directors to fix the auditor's remuneration. (See Explanatory Note re item 3/Resolution 1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Re-election of Directors (by separate resolution)</b>				
2 To re-elect Michael Stiasny as a director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3 To re-elect Graham Stuart as a director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 3 Sign Signature of Securityholder(s)

This section must be completed

**Securityholder 1**

(or Director/Authorised Officer)

**Securityholder 2**

(if second joint shareholder)

**Securityholder 3**

(if third joint shareholder)

Contact name

Telephone (day)

Date

**Attendance slip**



Annual Meeting of Tower Limited to be held at the Guineas Room 3, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand on Thursday 30 March 2017 at 10.00am.