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### **Company release no. 40 / 2011 – Plan to spin-off solvent assets**

On 28 November 2011, the Board released Company release no 39, in which the Board informed that Tower Group A/S had been unable to secure funding from its majority shareholder for on-going operations and restructuring, making it thus impossible to complete the contemplated rights issue. Furthermore, this brought into question the viability of the Company as a going concern.

From this date, the Board has considered various possibilities including immediate insolvency, but following positive signals from key stakeholders has decided to create a plan to spin-out some or all of the solvent assets into a new subsidiary and sell this subsidiary by way of an open market sales process to the highest bidder. The proceeds from such a sale would then be used for an orderly liquidation of Tower Group A/S. Despite the fact that such a sale is not expected to recover any value for the shareholders, which is the same outcome as in the case of an immediate insolvency filing, the Board believes this option is worth pursuing as it preserves some value for many of the other stakeholders. The Board expects such a spin-out and sale to take place in February or early March, 2012.

Should the spin-out option fail, it is unlikely the Board will have any other option than to immediately file for insolvency.

Best regards  
Tower Group A/S

Martin Coté  
CEO

Questions regarding this release can be directed to Martin Coté, CEO, on tel.: +420 725 716 755.