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Extraordinary General Meeting approves Capital Increase

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Zurich, October 11, 2002 – At the Extraordinary General Meeting of Zurich Financial Services held in Zurich today, shareholders have approved the increase of ordinary share capital proposed by the Board of Directors.

The main terms are as follows:

- Increase of the share capital by CHF 576,027,820 from CHF 864,041,730 to CHF 1,440,069,550 through the issuance of 57,602,782 fully paid registered shares with a nominal value of CHF 10 each at an issue price (*Ausgabebetrag*) of CHF 65 per share, representing aggregate proceeds of CHF 3.744 billion. This is equivalent to approximately USD 2.5 billion, subject to exchange rates.
- The pre-emptive rights (*Bezugsrechte*) of existing shareholders shall be granted. They shall be traded between October 17, 2002 and October 24, 2002 and shall be exercisable from October 17, 2002 until noon CET on October 25, 2002. Pre-emptive rights not exercised during the exercise period shall be allotted by the Board of Directors to the underwriting syndicate.
- The shares to be issued shall be entitled to dividends starting with the business year 2002.
- Payment with respect to the shares to be issued shall be made in cash.

Under the terms of the proposed ordinary capital increase, shareholders will receive one pre-emptive right for each share they hold at the record date on October 16, 2002 and 3 pre-emptive rights will entitle shareholders to subscribe for 2 new shares. The issue price of CHF 65 represents a discount of 50% to the closing share price of CHF 130 on October 10, 2002. The listing of the new shares on the main board of the SWX Swiss Exchange and on the official list of the UK Listing Authority (UKLA), and the trading on virt-x and London Stock Exchange are expected to occur on October 31, 2002.

1,528 shareholders representing 14,470,977 registered shares or 16,75% of the outstanding share capital were present or represented at the Extraordinary General Meeting. The proposed ordinary capital increase was accepted by 94.6% of the capital present at the vote.

James J. Schiro, Chief Executive Officer of Zurich Financial Services, said: "I welcome the approval today of the proposed capital increase. We thank our shareholders for endorsing our action program to strengthen our capital base and improve our profitability. Now we will focus on implementation."

The approved capital increase with pre-emptive rights has been fully underwritten, subject to customary terms and conditions, by a syndicate of banks lead-managed by Credit Suisse First Boston, Goldman Sachs International, Schroder Salomon Smith Barney and UBS Warburg.

Zurich Financial Services is an insurance-based financial services provider with an international network that focuses its activities on its key markets of North America, the United Kingdom and Continental Europe. Founded in 1872, Zurich is headquartered in Zurich, Switzerland. It has offices in approximately 60 countries and employs well over 70,000 people.



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SWX Swiss Exchange/virt-x: ZURN

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