



Invitation

to attend the ordinary General Meeting of Zurich Financial Services on Thursday, May 16, 2002

Location: Zurich, Hallenstadion Zurich-Oerlikon, Wallisellenstrasse 45,
8050 Zurich-Oerlikon, Switzerland

Doors open: 08.30 a.m.

Start: 10.00 a.m.

Agenda

1. Approval of the annual report, the annual financial statements and the consolidated financial statements for 2001

and taking cognizance of the auditors' and Group auditors' reports.

The Board of Directors proposes that the annual report, the annual financial statements
and the consolidated financial statements for 2001 be approved.

2. Appropriation of available earnings of Zurich Financial Services for 2001

Available earnings of Zurich Financial Services for 2001	CHF 1,624,666,690
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The Board of Directors proposes that the available earnings be
appropriated as follows:

– Distribution of a dividend of CHF 8 for the 2001 business year before tax on each of the 83,886,001 dividend-paying shares (nominal value CHF 10), payable from May 22, 2002, less a deduction of 35% for Swiss withholding tax	CHF 671,088,008
– Allocation to the free reserves	CHF 950,000,000
– Undistributed profit carried forward	CHF 3,578,682
	<u>CHF 1,624,666,690</u>

If this proposal is approved, after deduction of Swiss withholding tax, dividends of CHF 5.20
net per share will be paid from May 22, 2002 in accordance with dividend payment instructions.

3. Release for members of the Board of Directors and other management bodies

The Board of Directors proposes that the members of the Board of Directors and the management bodies be released from liability for their activities in the 2001 business year.

4. Changes to the articles of incorporation

4.1 Authorised Share Capital

The Board of Directors proposes the extension of the authority to issue authorised capital for another period of two years, without changing the amount of authorised share capital.

Accordingly, the proposed wording of Art. 5^{bis} para. 1 would read as follows (proposed change in *italics*):

Current version

Article 5^{bis} Authorised Share Capital

(1) The Board of Directors is authorised to increase the share capital by no later than June 1, 2003 by an amount not exceeding CHF 60,000,000 by issuing up to 6,000,000 fully paid registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted.

Version proposed by the Board of Directors

Article 5^{bis} Authorised Share Capital

(1) The Board of Directors is authorised to increase the share capital by no later than *June 1, 2004* by an amount not exceeding CHF 60,000,000 by issuing up to 6,000,000 fully paid registered shares with a nominal value of CHF 10 each. An increase in partial amounts is permitted.

4.2 Contingent Share Capital

The Board of Directors proposes:

- an increase in the amount of contingent share capital from CHF 30,000,000 to CHF 80,000,000, and
- a revision in the determination of the conversion or option price or its calculation in accordance with market conditions, whereby the quoted share price is to be used as a basis.

Accordingly, the proposed wording of Art. 5^{ter} para. 1 would read as follows (proposed changes in *italics*):

Current version

Article 5^{ter} Contingent Share Capital

(1) (a) The share capital may be increased by an amount not exceeding CHF 30,000,000 by issuing up to 3,000,000 fully paid registered shares with a nominal value of CHF 10 each through exercise of conversion and / or option rights which are granted in connection with the issuance of bonds or similar debt instruments by the Company or one of its group companies in national or international capital markets and / or by exercising option rights which are granted to the shareholders. When issuing bonds or similar debt instruments connected with conversion and / or option rights, the preemptive rights of the shareholders are excluded. The current owners of conversion and / or option rights shall be entitled to subscribe for the new shares. The conversion and / or option conditions are to be determined by the Board of Directors.

(b) (text unchanged)

Version proposed by the Board of Directors

Article 5^{ter} Contingent Share Capital

(1) (a) The share capital may be increased by an amount not exceeding *CHF 80,000,000* by issuing up to *8,000,000* fully paid registered shares with a nominal value of CHF 10 each through exercise of conversion and / or option rights which are granted in connection with the issuance of bonds or similar debt instruments by the Company or one of its group companies in national or international capital markets and / or by exercising option rights which are granted to the shareholders. When issuing bonds or similar debt instruments connected with conversion and / or option rights, the preemptive rights of the shareholders are excluded. The current owners of conversion and / or option rights shall be entitled to subscribe for the new shares. The conversion and / or option conditions are to be determined by the Board of Directors.

(b) (text unchanged)

(c) The Board of Directors is authorised, when issuing bonds or similar debt instruments connected with conversion and /or option rights, to restrict or withdraw the right of shareholders for advance subscription in cases where such bonds are issued for the financing including re-financing of a take-over of an enterprise, of parts of an enterprise, or of participations. If the right for advance subscription is withdrawn by the Board of Directors, the following applies: the convertible bond or warrant issues are to be offered at market conditions (including standard dilution protection paragraphs in accordance with market practice) and the new shares are issued at then current convertible bond or warrant issue conditions. The conversion rights may be exercisable during a maximum of 10 years and option rights during a maximum of 7 years from the time of the respective issue. The conversion or option price must equal at least the average of the most recent asked price on the Swiss Exchange for five business days preceding the determination of the definitive issue conditions for the respective convertible bond or warrant issues.

(c) The Board of Directors is authorised, when issuing bonds or similar debt instruments connected with conversion and /or option rights, to restrict or withdraw the right of shareholders for advance subscription in cases where *they* are issued for the financing including re-financing of a take-over of an enterprise, of parts of an enterprise, or of participations. If the right for advance subscription is withdrawn by the Board of Directors, the following applies: the convertible bond or warrant issues are to be offered at market conditions (including standard dilution protection paragraphs in accordance with market practice) and the new shares are issued at then current convertible bond or warrant issue conditions. The conversion rights may be exercisable during a maximum of 10 years and option rights during a maximum of 7 years from the time of the respective issue. *The conversion or option price or its calculation methodology shall be determined in accordance with market conditions, whereby for shares of the Company the quoted share price is to be used as a basis.*

4.3 Proposed amendments to the articles of incorporation submitted by certain shareholders

Based on and meeting the formal requirements of Art. 12 para. 2 of the articles of incorporation of Zurich Financial Services and of Art. 699 para. 3 of the Swiss Code of Obligations, Ethos Swiss Investment Foundation for Sustainable Development, Geneva, Pax Schweizerische Lebensversicherungs-Gesellschaft, Basel, and Messrs H.-P. Tschudi, L. Tschudi, M. Tschudi, all in Küsnacht / ZH, Switzerland (hereinafter referred to as the Mentioned Shareholders) propose the following (subject to review by the Commercial Register):

4.3.1 Amendments to Article 20 para. 2 and 3

The Mentioned Shareholders propose that the ordinary term of office for a member of the Board of Directors should be limited to two years and that the ordinary term of office of not all of the members of the Board of Directors should expire simultaneously.

Accordingly, the wording of Art. 20 para. 2 and 3 proposed by the Mentioned Shareholders would read as follows (proposed changes in *italics*):

Current version

Article 20 Election, Term of Office

(1) (text unchanged)

(2) The ordinary term of office of the members of the Board of Directors shall be three years subject to prior resignation or removal, where one year is understood to be the period from one ordinary General Meeting to the next ordinary General Meeting. Newly appointed members of the Board shall complete the term of their predecessor. On the expiration of their terms of office, the members may be re-elected immediately.

Version proposed by the Mentioned Shareholders

Article 20 Election, Term of Office

(1) (text unchanged)

(2) The ordinary term of office of the members of the Board of Directors shall be *two* years subject to prior resignation or removal, where one year is understood to be the period from one ordinary General Meeting to the next ordinary General Meeting. Newly appointed members of the Board shall complete the term of their predecessor. On the expiration of their terms of office, the members may be re-elected immediately.

(3) The Board of Directors shall organise the election of its members in such a way as to ensure that no more than four members shall complete their ordinary term of office at any one General Meeting.

(4) (text unchanged)

(3) The Board of Directors shall organise the election of its members in such a way as to ensure that *the ordinary term of office of not all members shall expire simultaneously* at any one General Meeting.

(4) (text unchanged)

Motion of the Board of Directors

The Board of Directors recommends that the proposed changes to Art. 20 para. 2 and 3 should be rejected and that shareholders should vote against them, based on the following:

- The articles of incorporation of Zurich Financial Services provide for a term of office of three years for members of the Board of Directors, which is one year less than the four years traditional Board term in Switzerland. A three-year term ensures a solid introduction, efficiency and consistency of Board work. A two-year term is too short to implement these goals.
- Contrary to the proposed change where all but one Director could come up for re-election in a given year, staggered terms and a maximum number of four incumbent directors per year ensure continuity in directing the activities of the Company and the Group.

4.3.2 Insertion of a new Article 20 para. 5

The Mentioned Shareholders propose that the members of the Board of Directors should be elected individually.

Accordingly, the wording of the new Art. 20 para. 5 proposed by the Mentioned Shareholders would read as follows (proposed changes in *italics*):

Version proposed by the Mentioned Shareholders

Article 20 Election, Term of Office

(5) The election of members of the Board of Directors is effected on an individual basis.

Motion of the Board of Directors

The Board of Directors recommends that the proposed insertion of Art. 20 para. 5 be accepted and that shareholders should vote in favor of it since election of members of the Board of Directors is already the subject of individual elections based on general principles of Corporate Governance.

4.3.3 Change to Article 21 para. 1

The Mentioned Shareholders propose that the Chairman of the Board of Directors shall be excluded from serving as member of management in order to ensure that management is controlled independently.

Accordingly, the wording of Art. 21 para. 1 proposed by the Mentioned Shareholders would read as follows (proposed changes in *italics*):

Current version

Article 21 Organisation

(1) The Board of Directors shall elect from amongst its members a Chairman and a Vice-Chairman, and shall appoint a secretary.

Version proposed by the Mentioned Shareholders

Article 21 Organisation

(1) The Board of Directors shall elect from amongst its members a Chairman and a Vice-Chairman, and shall appoint a secretary.
The Chairman of the Board of Directors shall not be a member of management.

Motion of the Board of Directors

The Board of Directors recommends that the proposed change to Art. 21 para. 1 of the articles of incorporation should be rejected and that shareholders should vote against it, based on the following:

- A separation of the roles of Chairman of the Board of Directors and Chief Executive Officer was announced on February 25, 2002.
- In general, the separation of the role of Chairman of the Board of Directors from membership of management, in particular Chief Executive Officer, is appropriate in many instances.
- Situations may arise, however, where a combination of the role of Chairman and membership of management in the same person is required in order to safeguard the interests of the Company and the Group, and thus of the shareholders. The combination of the two roles may serve to address extraordinary challenges, to consolidate the Company's position and to create unity.
- Therefore, any general restriction on combining the roles laid down in the articles of incorporation unduly reduces the flexibility to address specific situations.
- In order to ensure a balance of power and authority, the Board of Directors is committed to including provisions in the Organisational Rules to establish that, in case of the Chairman of the Board serving as a member of management, the Vice-Chairman would assume the role of the Lead Director or Senior Independent Director in accordance with the Swiss Code of Best Practice and the UK Combined Code.

5. Elections

5.1 Board of Directors

At this year's General Meeting, the term of office of Mrs. Rosalind E. J. Gilmore and Messrs Dana G. Mead, Gerhard Schulmeyer and Lodewijk C. van Wachem expires.

Mrs. Gilmore and Messrs Mead, Schulmeyer and van Wachem will be standing for re-election; Mrs. Gilmore and Messrs Mead and Schulmeyer for a term of three years*, Mr. van Wachem for a term of two years.

In addition, it is desirable to expand the Board of Directors with Mr. Rolf Watter as a new member with a two-year term of office.

5.1.1 Re-election of Mrs. Rosalind E. J. Gilmore

The Board of Directors proposes that Mrs. Rosalind E. J. Gilmore be re-elected to the Board of Directors for a further three-year* term of office.

5.1.2 Re-election of Mr. Dana G. Mead

The Board of Directors proposes that Mr. Dana G. Mead be re-elected to the Board of Directors for a further three-year* term of office.

5.1.3 Re-election of Mr. Gerhard Schulmeyer

The Board of Directors proposes that Mr. Gerhard Schulmeyer be re-elected to the Board of Directors for a further three-year term* of office.

5.1.4 Re-election of Mr. Lodewijk C. van Wachem

The Board of Directors proposes that Mr. Lodewijk C. van Wachem be re-elected to the Board of Directors for a further two-year term of office.

5.1.5 Election of Mr. Rolf Watter

The Board of Directors further proposes the election of Mr. Rolf Watter to the Board of Directors for a two-year term of office.

Note

- * Should the Annual General Meeting accept the proposal by the Mentioned Shareholders to change the maximum term of office for members of the Board of Directors from three to two years (see 4.3.1 above) against the recommendation of the Board of Directors, the proposed three-year terms of Mrs. Gilmore, Mr. Mead and Mr. Schulmeyer would be reduced to two years.

5.2 Auditors and Group auditors

5.2.1 Statutory Auditor

The Board of Directors proposes that PricewaterhouseCoopers AG, Zurich, be elected as statutory auditors and Group auditors for the 2002 business year.

5.2.2 Special Auditor

The Board of Directors further proposes, according to Art. 25 para. 3 of the articles of incorporation, that OBT AG, Zurich, be elected for a term of three years as a special auditor to undertake the special audits for increases in share capital (according to Art. 652f, 653f and 653i of the Swiss Code of Obligations).

Information

This invitation is a translation of the German original. In case of inconsistencies the official German version of the invitation shall prevail over the English text.

Admission and Voting Rights, Admission Cards

Registered Shareholders

Registered shareholders entered in the share register up to and including May 3, 2002 as shareholders with voting rights will receive, together with the invitation to the General Meeting, a reply card that they may use to order admission cards and voting papers. No entries conferring voting rights will be made in the share register in the period from May 4, 2002 to the end of the General Meeting.

CDI Attendants

In the context of the unification of the Group holding structure in 2000, shares of the Company were issued to CREST International Nominees Ltd. (CIN) for the account of the former shareholders of Allied Zurich p.l.c. which were represented by CREST Depository Interests (CDIs). CDIs are uncertificated securities independent of the Company, constituted under English law, allowing the electronic settlement of trades in the Company's shares via a system operated by CRESTCo Ltd., London.

- CREST members holding CDIs as beneficial owners,
- CREST members holding CDIs as legal owners for not more than 200,000 CDIs and acting upon instructions from the beneficial owners,
- Lloyds TSB Registrars for not more than 500,000 CDIs acting upon instructions from the beneficial owners, or
- the beneficial owners of CDIs,

all referred to hereafter as CDI Attendants, are entitled to attend the General Meeting and to cast their votes as proxies of CRESTCo Ltd., London, as set out in the Directive on Recognition of Shareholders of the Board of Directors of the Company.

CREST members entered directly in the CREST register and persons entered in the register of Lloyds TSB Registrars up to and including May 3, 2002 will receive, together with the invitation to the General Meeting, a reply card that they or the beneficial owners of the CDIs may use to order admission cards and voting papers. All nominees are requested to forward the admission cards and voting papers to the beneficial owners of CDIs.

General remarks

Preparations for the General Meeting will be facilitated by the prompt return of your reply card. Please return it by May 8, 2002 at the latest in the enclosed envelope.

If any of the shares or CDIs recorded on an admission card are sold, the registered shareholder or CDI Attendant should present the relevant admission card at the information counter for correction before the General Meeting as the associated voting rights will have lapsed.

In order to determine attendance correctly, any shareholder or CDI Attendant leaving the General Meeting early or temporarily is requested to present the unused voting papers and admission card at the exit.

Proxies, authorization

Shareholders with voting rights may arrange to be represented by another shareholder entered in the share register as a shareholder with voting rights by granting authority to this person in writing. Partnerships and legal entities may be represented by authorized signatories, minors and wards by their legal representatives and married shareholders by their spouses, even if these representatives are not shareholders. In order to grant authority to any of the aforementioned, the shareholder must specify the relevant person on the reply card. Representatives will only be admitted to the General Meeting if they can provide identification with the admission card and valid authorization. Alternatively, shareholders may appoint one of the following as their proxy:

- Zurich Financial Services,
- a bank or other professional asset manager acting as proxy for deposited shares as specified in Art. 689d of the Swiss Code of Obligations, or
- Ernst & Young AG (attn. Mr. René Schwarzenbach), P. O. Box, CH-8022 Zurich, Switzerland, acting as independent voting proxy as specified in Art. 689c of the Swiss Code of Obligations.

Proxy holders of deposited shares are requested to notify the Company regarding the number of shares they represent as soon as possible, but no later than May 14, 2002.

CDI Attendants may arrange to be represented at the General Meeting by a registered shareholder or another CDI Attendant, by granting authority to this person in writing. Partnerships and legal entities, however, may be represented by authorized signatories, minors and wards by their legal representatives and married shareholders by their spouses, even if these representatives are not shareholders or CDI Attendants. CDI Attendants not wishing to attend the General Meeting may complete the separate reply card for CDI Attendants (including voting instructions); in the case of direct CREST members, to CRESTCo Ltd. and, in the case of registration by Lloyds TSB Registrars, to the latter, both of whom will have the votes cast through the Company or the independent voting proxy as per the instructions of the CDI Attendants. If voting instructions of CDI Attendants are received by either CRESTCo. Ltd. or Lloyds TSB Registrars after May 13, 2002, noon London time, cannot be warrant that these instructions will be exercised.

Unless expressly instructed otherwise, the proxies of shareholders or CDI Attendants will exercise their votes in favor of the proposals made by the Board of Directors.

Annual Report

The Annual Report with the operating review, the annual financial statements and the consolidated financial statements for 2001 as well as the auditors' and Group auditors' reports will be available for inspection at the Company's registered office (Mythenquai 2, CH-8002 Zurich, Switzerland) and at Lloyds TSB Registrars' London office (Antholin House, 71 Queen Street, London, EC4N 15L, England) from April 16, 2002. Shareholders and CDI Attendants may request that a copy of the annual report be sent to them from the following addresses (for shareholders: Zurich Financial Services, Share Register, c/o SAG SIS Aktienregister AG, P.O. Box , CH-4609 Olten, Switzerland) for CREST members: CRESTCo. Ltd., (International Operations, 33 Cannon Street, London EC4M 5SB, England) for other CDI Attendants: Lloyds TSB Registrars, (The Causeway, Goring by Sea, Worthing, West Sussex BN99 6DA, England). All registered shareholders entered in the share register as shareholders with voting rights and all CDI Holders may also order the Annual Report when returning the reply card.

Reception

We are pleased to invite all participants to a reception after the General Meeting on the premises of the Messe Zurich, which is located beside the Hallenstadion.

Zurich, April 16, 2002

Zurich Financial Services
on behalf of the Board of Directors

Chairman: Rolf Hüppi

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