



Business Wire

Centre Uses Financial Power to Help Generate Electrical Power in Colombia

June 17, 1999--Hamilton, Bermuda--The Centre group of companies, a member of the Zurich Financial Services Group, announced today that one of its companies has completed a unique and innovative project finance program with **KMR Power Corporation ("KMR")**, an international power developer based in Arlington, VA. The transaction, introduced to Centre by J&H Marsh Global Power Group, guarantees financing for KMR's \$ 175 million merchant power project in Colombia called **TermoCandelaria**. The project, located in Cartagena, will initially sell 100% of its electricity output into the Bolsa, or spot market.

The project will be financed through a two-tranche bank facility, consisting of a \$ 90 million senior loan and a \$ 85 million subordinated loan. Bank of America, Financial Advisor to KMR Power, is the Arranger of the senior loan and will underwrite \$ 40 million of the debt. The subordinated loan was developed and structured by Centre and Bank of America, and guaranteed by Centre. Through this guarantee, the project becomes attractive to bank lenders and enabled KMR to obtain financing commitments. Centre is also taking a \$ 35 million participation in the senior loan.

"Since banks have significantly reduced lending capacity for project finance in Latin America and since the capital markets and other financial guarantors are not currently supporting Latin American high-yield offerings for non-recourse projects, it is difficult to raise capital for ventures, even those with tremendous profit potential," said David Wasserman, Chief Executive Officer of the Centre group of companies. "By using insurance capital in innovative ways such as absorbing power price volatility risks, we were able to help KMR secure banks' lending commitments, and complete the development of their TermoCandelaria project."

Centre, a member of Zurich Financial Services, is a full-service provider of customized insurance, reinsurance, structured finance and risk management programs. Centre has offices in Bermuda, Dublin, Hong Kong, London, New Jersey, New York, San Francisco, Sydney and Zurich. Centre reported \$ 1.2 billion of capital and surplus, and \$ 3.9 billion of total assets as of year-end 1998, with total revenues of \$ 600 million in the year ended December 31, 1998. The Centre group of companies is rated "A" or "Excellent" by A.M. Best Company and "AA" or "Excellent" by Standard & Poor's Corporation for its claims-paying ability.

The Zurich Financial Services Group is a global leader in the financial services industry, providing its customers with solutions in the area of financial protection and asset accumulation. The Group concentrates its activities in four core businesses: non-life and life insurance, reinsurance and asset management. Headquartered in Zurich, Switzerland, the Group's worldwide presence builds on strong positions in its three home markets the United States, the United Kingdom and Switzerland. It has offices in more than 60 countries reaching over 33 million customers and employing 68,000 people. Based on consolidated figures for 1998, the Group achieved gross premiums of USD 45 billion. This amount includes insurance deposits as well as premiums from the Farmers Exchanges. The net income before one-time merger and other restructuring costs amounted to USD 2.8 billion. On December 31, 1998, the Group had USD 415 billion of assets under management of which USD 242 billion represent funds managed for third-party institutional and retail customers.

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