



## PRESS RELEASE

BUSINESS AND FINANCIAL EDITORS  
FOR IMMEDIATE RELEASE

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### **ZENITH TO REDUCE OPERATING EXPENSES FOR CONTINUED LONG-TERM SUCCESS**

WOODLAND HILLS, CALIFORNIA, February 10, 2009 . . . . . Zenith National Insurance Corp. (NYSE:ZNT) today announced it is streamlining its administrative cost structure in its workers' compensation operations in response to the ongoing economic downturn as it continues to manage its business for long-term success.

As part of this initiative, Zenith is eliminating approximately 100 positions, or approximately 6% of its workforce. The employees affected by the layoff will receive a one-time support package that will include severance payments for eligible employees, professional outplacement assistance, and a special COBRA benefit. This special COBRA benefit is unique in that it provides for Zenith to pay the full COBRA premiums of terminated employees for up to 18 months. Zenith feels it is important that the affected employees are financially able to maintain current benefit coverages for themselves and eligible family members while they seek alternative employment during these trying economic times.

As a result of these workforce and other operating cost reductions, Zenith anticipates a one-time charge of approximately \$5 million (\$3.3 million after tax) in the first quarter of 2009. This charge includes termination benefits of approximately \$4.3 million, lease termination costs of approximately \$0.3 million and other associated costs of approximately \$0.4 million. Zenith anticipates that these actions will result in over \$10 million (\$6.5 million after tax) of annualized expense savings.

Zenith is a property-casualty insurance organization with headquarters in Woodland Hills, California. Through its insurance subsidiaries, Zenith provides workers' compensation insurance nationally.

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements if accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed. Forward-looking statements include those related to the plans and objectives of management for future operations, future economic performance, or projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure, or other financial items. Statements containing words such as expect, anticipate, believe, estimate, likely or similar words that are used in this release or in other written or oral information conveyed by or on behalf of Zenith are intended to identify forward-looking statements. Zenith undertakes no obligation to update such forward-looking statements, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, (1) the risks detailed from time to time in Zenith's reports and filings with the Securities and Exchange Commission, (2) the uncertainties in estimating termination benefits, including changes in the actual number of terminated employees and the associated costs of such terminations and (3) uncertainties as to the amount of anticipated cost-savings associated with the workforce and other operating cost reductions.