

CNA Surety Corporation
 Press Release Investor Data
 (Amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
Operating Results:				
Gross written premiums	<u>\$ 79,393</u>	\$ 80,718	<u>\$ 242,424</u>	\$ 230,423
Net written premiums	<u>\$ 75,126</u>	\$ 78,968	<u>\$ 232,715</u>	\$ 224,503
Revenues:				
Net earned premiums	\$ 73,541	\$ 72,009	\$ 224,782	\$ 209,567
Net investment income	7,428	6,387	21,896	18,900
Net realized investment gains (losses)	<u>(39)</u>	6	<u>191</u>	<u>426</u>
Total revenues	<u>80,930</u>	78,402	<u>246,869</u>	228,893
Expenses:				
Net losses and loss adjustment expenses	11,683	9,447	38,943	33,119
Net commissions, brokerage and other underwriting	46,325	42,661	135,158	124,477
Interest expense	1,809	1,464	5,159	4,284
Non-recurring charge ⁽¹⁾	—	—	500	—
Amortization of intangible assets	<u>1,525</u>	1,508	<u>4,573</u>	<u>4,458</u>
Total expenses	<u>61,342</u>	55,080	<u>184,333</u>	<u>166,338</u>
Income before income taxes	19,588	23,322	62,536	62,555
Income taxes	<u>6,250</u>	8,118	<u>20,978</u>	<u>21,470</u>
Net income	<u>\$ 13,338</u>	\$ 15,204	<u>\$ 41,558</u>	\$ 41,085
Basic earnings per common share	<u>\$0.31</u>	\$0.34	<u>\$ 0.97</u>	\$0.93
Diluted earnings per common share	<u>\$0.31</u>	\$0.34	<u>\$ 0.97</u>	\$0.93
Basic weighted average shares outstanding	<u>42,909</u>	44,102	<u>42,922</u>	44,100
Diluted weighted average shares outstanding	<u>43,001</u>	44,261	<u>43,056</u>	44,245
Operating Earnings, After Income Taxes:				
Net realized income	\$ 13,338	\$ 15,204	\$ 41,558	\$ 41,085
Net realized investment (gains) losses	25	(4)	(124)	(277)
Non-recurring charge ⁽¹⁾	—	—	325	—
Operating earnings	<u>\$ 13,363</u>	<u>\$ 15,200</u>	<u>\$ 41,759</u>	<u>\$ 40,808</u>
Diluted Per Share Data:				
Net income	\$0.31	\$ 0.34	\$ 0.97	\$ 0.93
Net realized investment (gains) losses	—	—	—	(0.01)
Non-recurring charge ⁽¹⁾	—	—	0.01	—
Operating earnings	<u>\$0.31</u>	<u>\$ 0.34</u>	<u>\$ 0.98</u>	<u>\$ 0.92</u>

See notes to Press Release Investor Data on page 2.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
Underwriting Results:				
Gross written premiums:				
Contract	\$ 43,512	\$ 43,835	\$ 123,079	\$ 113,552
Commercial	29,446	30,680	98,932	96,947
Fidelity and other	6,435	6,203	20,413	19,924
	<u>79,393</u>	<u>80,718</u>	<u>242,424</u>	<u>230,423</u>
Net written premiums:				
Contract	\$ 39,630	\$ 42,469	\$ 114,106	\$ 109,966
Commercial	29,058	30,722	97,727	96,117
Fidelity and other	6,438	5,777	20,882	18,420
	<u>\$ 75,126</u>	<u>\$ 78,968</u>	<u>\$ 232,715</u>	<u>\$ 224,503</u>
Net earned premiums	\$ 73,541	\$ 72,009	\$ 224,782	\$ 209,567
Net losses and loss adjustment expenses ⁽²⁾	11,683	9,447	38,943	33,119
Net commissions, brokerage and other underwriting expenses	46,325	42,661	135,158	124,477
Underwriting income	<u>\$ 15,533</u>	<u>\$ 19,901</u>	<u>\$ 50,681</u>	<u>\$ 51,971</u>
Loss ratio ⁽²⁾	15.9%	13.1%	17.3%	15.8%
Expense ratio	63.0	59.3	60.2	59.4
Combined ratio ⁽²⁾	<u>78.9%</u>	<u>72.4%</u>	<u>77.5%</u>	<u>75.2%</u>

Cash Flow Data:

Net cash provided by operations	\$ 30,165	\$50,353	\$ 68,796	\$ 66,358
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Consolidated Balance Sheet Data:	September 30,	December 31,
	2000	1999
Invested assets and cash	\$ 554,755	\$ 499,400
Intangible assets, net	151,407	155,980
Total assets	910,269	851,575
Insurance reserves	378,350	357,233
Long-term debt	101,556	101,900
Total stockholders' equity	361,671	326,304
Book value per share	\$ 8.43	\$ 7.59
Outstanding shares	<u>42,916</u>	<u>43,006</u>

Notes to Press Release Investor Data

- (1) Relates to costs incurred with respect to the proposed tender offer by CNA Financial.
- (2) Includes the effect of recording revisions of prior year reserves. The dollar amount and the percentage point effect on the loss ratio of these reserve revisions, all of which were reductions, were \$2,878 or 3.9 % and \$4,728 or 6.6 % for three months ended September 30, 2000 and 1999, and \$6,756 or 3.0 % and \$8,841 or 4.2% for nine months ended September 30, 2000 and 1999, respectively.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: The statements which are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties, including, but not limited to, product and policy demand and market response risks, the effect of economic conditions, the impact of competitive products, policies and pricing, product and policy development, regulatory changes and conditions, rating agency policies and practices, development of claims and the effect on loss reserves, the performance of reinsurance companies under reinsurance contracts with the Company, investment portfolio developments and reaction to market conditions, the results of financing efforts, the actual closing of contemplated transactions and agreements, the effect of the Company's accounting policies, and other risks detailed in CNA Surety Corporation's Securities and Exchange Commission filings. No assurance can be given that the actual results of operations and financial condition will conform to the forward-looking statements contained herein.