

CNA Surety Corporation

Press Release Investor Data

(Amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Operating Results:				
Gross written premiums	<u>\$ 102,151</u>	<u>\$ 94,222</u>	<u>\$ 301,094</u>	<u>\$ 283,339</u>
Net written premiums	<u>\$ 86,417</u>	<u>\$ 82,138</u>	<u>\$ 244,083</u>	<u>\$ 244,769</u>
Revenues:				
Net earned premiums	\$ 83,068	\$ 77,732	\$ 235,418	\$ 225,784
Net investment income	7,688	6,429	22,127	19,780
Net realized investment gains	194	1	2,476	1,829
Total revenues	<u>\$ 90,950</u>	<u>\$ 84,162</u>	<u>\$ 260,021</u>	<u>\$ 247,393</u>
Expenses:				
Net losses and loss adjustment expenses ⁽¹⁾	22,847	112,492	64,685	151,333
Net commissions, brokerage and other underwriting expenses	52,245	48,805	156,627	141,041
Interest expense	664	372	1,512	1,180
Total expenses	<u>75,756</u>	<u>161,669</u>	<u>222,824</u>	<u>293,554</u>
Income (loss) before income taxes	15,194	(77,507)	37,197	(46,161)
Income taxes	<u>4,220</u>	<u>(30,088)</u>	<u>9,664</u>	<u>(21,414)</u>
Net income (loss)	<u>\$ 10,974</u>	<u>\$ (47,419)</u>	<u>\$ 27,533</u>	<u>\$ (24,747)</u>
Basic earnings (loss) per common share	<u>\$ 0.26</u>	<u>(\$1.10)</u>	<u>\$ 0.64</u>	<u>(\$0.58)</u>
Diluted earnings (loss) per common share	<u>\$ 0.25</u>	<u>(\$1.10)</u>	<u>\$ 0.64</u>	<u>(\$0.58)</u>
Basic weighted average shares outstanding	<u>43,001</u>	<u>42,971</u>	<u>42,995</u>	<u>42,962</u>
Diluted weighted average shares outstanding	<u>43,048</u>	<u>42,994</u>	<u>43,048</u>	<u>42,985</u>

See notes to Press Release Investor Data on page 3.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Underwriting Results:				
Gross written premiums:				
Contract	\$ 61,610	\$ 56,863	\$ 172,807	\$ 157,651
Commercial	32,548	29,970	103,877	103,145
Fidelity and other	7,993	7,389	24,410	22,543
	<u>\$ 102,151</u>	<u>\$ 94,222</u>	<u>\$ 301,094</u>	<u>\$ 283,339</u>
Net written premiums:				
Contract	\$ 49,424	51,492	\$ 134,033	\$ 140,376
Commercial	29,366	23,602	86,726	82,873
Fidelity and other	7,627	7,044	23,324	21,520
	<u>\$ 86,417</u>	<u>\$ 82,138</u>	<u>\$ 244,083</u>	<u>\$ 244,769</u>
Net earned premiums				
	\$ 83,068	\$ 77,732	\$ 235,418	\$ 225,784
Net losses and loss adjustment expenses ⁽¹⁾				
	22,847	112,492	64,685	151,333
Net commissions, brokerage and other				
underwriting expenses	52,245	48,805	156,627	141,041
Underwriting income (loss)	7,976	(83,565)	14,106	(66,590)
Net investment income	7,688	6,429	22,127	19,780
Net realized investment gains	194	1	2,476	1,829
Interest expense	664	372	1,512	1,180
Income (loss) before income taxes	15,194	(77,507)	37,197	(46,161)
Income taxes	4,220	(30,088)	9,664	(21,414)
Net income (loss)	<u>\$ 10,974</u>	<u>\$ (47,419)</u>	<u>\$ 27,533</u>	<u>\$ (24,747)</u>
Loss ratio ⁽¹⁾				
	27.5%	144.7%	27.5%	67.0%
Expense ratio				
	62.9	62.8	66.5	62.5
Combined ratio ⁽¹⁾				
	90.4%	207.5%	94.0%	129.5%

See notes to Press Release Investor Data on page 3.

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	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash Flow Data:				
Net cash provided by operations	\$ 44,193	23,224	\$ 103,516	\$ 2,611
Consolidated Balance Sheet Data:				
			September 30,	December 31,
			<u>2004</u>	<u>2003</u>
Invested assets and cash			\$ 765,278	\$ 654,072
Intangible assets, net			138,785	138,785
Total assets			1,194,645	1,169,123
Insurance reserves			614,335	637,607
Debt			65,671	50,418
Total stockholders' equity			434,835	410,141
Book value per share			\$ 10.11	\$ 9.54
Outstanding shares			<u>43,001</u>	<u>42,980</u>

Notes to Press Release Investor Data

(1) 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 were additions of \$4, or 0.0 %, and \$38,961, or 50.1%, for the three months ended September 30, 2004 and 2003, respectively, and a reduction of \$567, or 0.2%, and an addition of \$39,301, or 17.4%, for the nine months ended September 30, 2004 and 2003, respectively.