

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

	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2000	1999	2000	1999
Operating Results:				
Gross written premiums	<u>\$ 74,243</u>	\$ 76,436	<u>\$ 316,667</u>	\$ 306,859
Net written premiums	<u>\$ 71,753</u>	\$ 74,484	<u>\$ 304,468</u>	\$ 298,987
Revenues:				
Net earned premiums	\$ 77,037	\$ 73,973	\$ 301,819	\$ 283,540
Net investment income	8,001	6,950	29,897	25,850
Net realized investment gains (losses)	<u>366</u>	<u>(411)</u>	<u>557</u>	<u>15</u>
Total revenues	<u>85,404</u>	<u>80,512</u>	<u>332,273</u>	<u>309,405</u>
Expenses:				
Net losses and loss adjustment expenses	16,740	11,553	55,683	44,672
Net commissions, brokerage and other underwriting	46,497	42,497	181,655	166,974
Interest expense	1,797	1,562	6,956	5,846
Non-recurring charge ⁽¹⁾	—	—	500	—
Amortization of intangible assets	<u>1,524</u>	<u>1,524</u>	<u>6,097</u>	<u>5,982</u>
Total expenses	<u>66,558</u>	<u>57,136</u>	<u>250,891</u>	<u>223,474</u>
Income before income taxes	18,846	23,376	81,382	85,931
Income taxes	<u>6,802</u>	<u>7,963</u>	<u>27,780</u>	<u>29,433</u>
Net income	<u>\$ 12,044</u>	<u>\$ 15,413</u>	<u>\$ 53,602</u>	<u>\$ 56,498</u>
Basic earnings per common share	<u>\$0.28</u>	<u>\$0.35</u>	<u>\$ 1.25</u>	<u>\$ 1.28</u>
Diluted earnings per common share	<u>\$0.28</u>	<u>\$0.35</u>	<u>\$ 1.25</u>	<u>\$ 1.28</u>
Basic weighted average shares outstanding	<u>42,827</u>	<u>43,602</u>	<u>42,898</u>	<u>43,974</u>
Diluted weighted average shares outstanding	<u>42,936</u>	<u>43,806</u>	<u>43,028</u>	<u>44,120</u>
Operating Earnings, After Income Taxes:				
Net income	\$ 12,044	\$ 15,413	\$ 53,602	\$ 56,498
Net realized investment (gains) losses	(238)	267	(362)	(10)
Non-recurring charge ⁽¹⁾	—	—	325	—
Operating earnings	<u>\$ 11,806</u>	<u>\$ 15,680</u>	<u>\$ 53,565</u>	<u>\$ 56,488</u>
Diluted Per Share Data:				
Net income	\$0.28	\$ 0.35	\$ 1.25	\$ 1.28
Net realized investment (gains) losses	(0.01)	0.01	(0.01)	—
Non-recurring charge ⁽¹⁾	—	—	0.01	—
Operating earnings	<u>\$0.27</u>	<u>\$ 0.36</u>	<u>\$ 1.25</u>	<u>\$ 1.28</u>

See notes to Press Release Investor Data on page 2.

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	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2000	1999	2000	1999
Underwriting Results:				
Gross written premiums:				
Contract	\$ 38,460	\$ 36,470	\$ 161,539	\$150,022
Commercial	29,624	33,555	128,556	130,502
Fidelity and other	6,159	6,411	26,572	26,335
	<u>\$ 74,243</u>	<u>\$ 76,436</u>	<u>\$ 316,667</u>	<u>\$306,859</u>
Net written premiums:				
Contract	\$ 36,398	\$ 35,650	\$ 150,504	\$ 145,616
Commercial	29,196	32,717	126,923	128,834
Fidelity and other	6,159	6,117	27,041	24,537
	<u>\$ 71,753</u>	<u>\$ 74,484</u>	<u>\$ 304,468</u>	<u>\$ 298,987</u>
Net earned premiums	\$ 77,037	\$ 73,973	\$ 301,819	\$ 283,540
Net losses and loss adjustment expenses ⁽²⁾	16,740	11,553	55,683	44,672
Net commissions, brokerage and other underwriting expenses	46,497	42,497	181,655	166,974
Underwriting income	<u>\$ 13,800</u>	<u>\$ 19,923</u>	<u>\$ 64,481</u>	<u>\$ 71,894</u>
Loss ratio ⁽²⁾	21.7%	15.6%	18.4%	15.7%
Expense ratio	60.4	57.5	60.2	58.9
Combined ratio ⁽²⁾	<u>82.1%</u>	<u>73.1%</u>	<u>78.6%</u>	<u>74.6%</u>

Cash Flow Data:

Net cash provided by operations	\$ 10,448	\$ 1,254	\$ 79,244	\$ 67,612
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	December 31,	December 31,
	2000	1999
Consolidated Balance Sheet Data:		
Invested assets and cash	\$ 555,975	\$ 499,400
Intangible assets, net	149,882	155,980
Total assets	950,568	851,575
Insurance reserves	406,636	357,233
Long-term debt	101,556	101,900
Total stockholders' equity	374,032	326,304
Book value per share	\$ 8.76	\$ 7.59
Outstanding shares	<u>42,702</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 \$337, or 0.4 %, and \$4,244, or 5.7%, for the three months ended December 31, 2000 and 1999, and \$7,093, or 2.4 %, and \$13,085, or 4.6%, for the twelve months ended December 31, 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.