

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Operating Results:				
Gross written premiums	<u>\$ 95,452</u>	<u>\$ 85,782</u>	<u>\$ 177,566</u>	<u>\$ 161,266</u>
Net written premiums	<u>\$ 86,395</u>	<u>\$ 80,824</u>	<u>\$ 150,788</u>	<u>\$ 153,451</u>
Revenues:				
Net earned premiums	<u>\$ 75,742</u>	<u>\$ 78,850</u>	<u>\$ 142,963</u>	<u>\$ 155,599</u>
Net investment income	<u>7,121</u>	<u>7,480</u>	<u>14,227</u>	<u>15,215</u>
Net realized investment gains (losses)	<u>1,601</u>	<u>192</u>	<u>1,323</u>	<u>163</u>
Total revenues	<u>84,464</u>	<u>86,522</u>	<u>158,513</u>	<u>170,977</u>
Expenses:				
Net losses and loss adjustment expenses ⁽¹⁾	<u>19,606</u>	<u>16,813</u>	<u>36,253</u>	<u>32,899</u>
Net commissions, brokerage and other underwriting	<u>45,594</u>	<u>48,184</u>	<u>87,146</u>	<u>95,021</u>
Interest expense	<u>445</u>	<u>957</u>	<u>903</u>	<u>2,545</u>
Amortization of intangible assets	<u>—</u>	<u>1,524</u>	<u>—</u>	<u>3,048</u>
Total expenses	<u>65,645</u>	<u>67,478</u>	<u>124,302</u>	<u>133,513</u>
Income before income taxes	<u>18,819</u>	<u>19,044</u>	<u>34,211</u>	<u>37,464</u>
Income taxes	<u>5,917</u>	<u>6,701</u>	<u>10,752</u>	<u>13,177</u>
Net income	<u>\$ 12,902</u>	<u>\$ 12,343</u>	<u>\$ 23,459</u>	<u>\$ 24,287</u>
Basic earnings per common share	<u>\$0.30</u>	<u>\$0.29</u>	<u>\$ 0.55</u>	<u>\$0.57</u>
Diluted earnings per common share	<u>\$0.30</u>	<u>\$0.29</u>	<u>\$ 0.55</u>	<u>\$0.57</u>
Basic weighted average shares outstanding	<u>42,900</u>	<u>42,738</u>	<u>42,868</u>	<u>42,725</u>
Diluted weighted average shares outstanding	<u>43,066</u>	<u>42,931</u>	<u>43,038</u>	<u>42,926</u>
Operating Earnings, After Income Taxes:				
Net income	<u>\$ 12,902</u>	<u>\$ 12,343</u>	<u>\$ 23,459</u>	<u>\$ 24,287</u>
Net realized investment (gains) losses	<u>(1,041)</u>	<u>(125)</u>	<u>(860)</u>	<u>(106)</u>
Operating earnings	<u>\$ 11,861</u>	<u>\$ 12,218</u>	<u>\$ 22,599</u>	<u>\$ 24,181</u>
Diluted Per Share Data:				
Net income	<u>\$0.30</u>	<u>\$ 0.29</u>	<u>\$ 0.55</u>	<u>\$ 0.57</u>
Net realized investment (gains) losses	<u>(0.02)</u>	<u>—</u>	<u>(0.02)</u>	<u>—</u>
Operating earnings	<u>\$0.28</u>	<u>\$ 0.29</u>	<u>\$ 0.53</u>	<u>\$ 0.57</u>
Dividends Paid Per Share	<u>\$0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.30</u>	<u>\$ 0.24</u>

See notes to Press Release Investor Data on page 2.

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	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001
Underwriting Results:				
Gross written premiums:				
Contract	\$ 53,890	\$ 48,012	\$ 93,270	\$ 86,344
Commercial	34,897	31,432	69,985	60,423
Fidelity and other	6,665	6,338	14,311	14,499
	<u>95,452</u>	<u>85,782</u>	<u>177,566</u>	<u>161,266</u>
Net written premiums:				
Contract	\$ 49,947	\$ 43,512	\$ 81,182	\$ 79,279
Commercial	30,094	30,974	55,943	59,673
Fidelity and other	6,354	6,338	13,663	14,499
	<u>\$ 86,395</u>	<u>\$ 80,824</u>	<u>\$ 150,788</u>	<u>\$ 153,451</u>
Net earned premiums	\$ 75,742	\$ 78,850	\$ 142,963	\$ 155,599
Net losses and loss adjustment expenses ⁽¹⁾	19,606	16,813	36,253	32,899
Net commissions, brokerage and other underwriting expenses	45,594	48,184	87,146	95,021
Underwriting income	<u>\$ 10,542</u>	<u>\$ 13,853</u>	<u>\$ 19,564</u>	<u>\$ 27,679</u>
Loss ratio ⁽¹⁾	25.9%	21.3%	25.4%	21.1%
Expense ratio	60.2	61.1	60.9	61.1
Combined ratio ⁽¹⁾	<u>86.1%</u>	<u>82.4%</u>	<u>86.3%</u>	<u>82.2%</u>

Cash Flow Data:

Net cash provided by operations	\$ 30,982	\$ 2,361	\$ 36,990	\$ 12,385
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Consolidated Balance Sheet Data:

	June 30,	December 31,
	2002	2001
Invested assets and cash	\$ 608,432	\$ 579,657
Intangible assets, net	143,785	143,785
Total assets	1,081,091	1,061,598
Insurance reserves	520,537	516,190
Long-term debt	76,195	76,195
Total stockholders' equity	406,354	388,428
Book value per share	\$ 9.47	\$ 9.08
Outstanding shares	<u>42,915</u>	<u>42,780</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 \$927, or 1.2%, and \$139, or 0.1%, for three months ended June 30, 2002 and 2001, respectively, and an addition of \$909, or 0.6%, and a reduction of \$155, or 0.1%, for six months ended June 30, 2002 and 2001, 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.