

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

| | Three Months Ended December 31, | | Years Ended December, 31 | |
|--|--|------------------|-------------------------------------|-------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Operating Results: | | | | |
| Gross written premiums | <u>\$ 85,297</u> | <u>\$ 83,746</u> | <u>\$ 359,892</u> | <u>\$ 333,003</u> |
| Net written premiums | <u>\$ 67,292</u> | <u>\$ 78,295</u> | <u>\$ 304,466</u> | <u>\$ 315,804</u> |
| Revenues: | | | | |
| Net earned premiums | \$ 73,972 | \$ 83,380 | \$ 296,131 | \$ 320,910 |
| Net investment income | 6,496 | 7,212 | 27,754 | 29,515 |
| Net realized investment gains (losses) | <u>(8,211)</u> | <u>(484)</u> | <u>(7,586)</u> | <u>46</u> |
| Total revenues | <u>72,257</u> | <u>90,108</u> | <u>316,299</u> | <u>350,471</u> |
| Expenses: | | | | |
| Net losses and loss adjustment expenses ⁽¹⁾ | 22,565 | 30,869 | 94,198 | 80,836 |
| Net commissions, brokerage and other underwriting | 46,654 | 56,108 | 179,827 | 202,877 |
| Interest expense | 398 | 577 | 1,708 | 3,925 |
| Amortization of intangible assets ⁽²⁾ | — | 1,524 | — | 6,097 |
| Total expenses | <u>69,617</u> | <u>89,078</u> | <u>275,733</u> | <u>293,735</u> |
| Income before income taxes | 2,640 | 1,030 | 40,566 | 56,736 |
| Income taxes | <u>19</u> | <u>423</u> | <u>11,869</u> | <u>19,828</u> |
| Net income | <u>\$ 2,621</u> | <u>\$ 607</u> | <u>\$ 28,697</u> | <u>\$ 36,908</u> |
| Basic earnings per common share | <u>\$0.06</u> | <u>\$0.01</u> | <u>\$ 0.67</u> | <u>\$0.86</u> |
| Diluted earnings per common share | <u>\$0.06</u> | <u>\$0.01</u> | <u>\$ 0.67</u> | <u>\$0.86</u> |
| Basic weighted average shares outstanding | <u>42,947</u> | <u>42,767</u> | <u>42,910</u> | <u>42,744</u> |
| Diluted weighted average shares outstanding | <u>42,970</u> | <u>42,974</u> | <u>43,028</u> | <u>42,938</u> |
| Operating Earnings, After Income Taxes: | | | | |
| Net income | \$ 2,621 | \$ 607 | \$ 28,697 | \$ 36,908 |
| Net realized investment (gains) losses | 5,337 | 315 | 4,931 | (30) |
| Operating earnings | <u>\$ 7,958</u> | <u>\$ 922</u> | <u>\$ 33,628</u> | <u>\$ 36,878</u> |
| Dividends Paid Per Share | <u>\$ —</u> | <u>\$ 0.15</u> | <u>\$ 0.45</u> | <u>\$ 0.54</u> |

See notes to Press Release Investor Data on page 2.

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

| | Three Months Ended | | Years Ended | |
|--|---------------------------|-------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2002 | 2001 | 2002 | 2001 |
| Underwriting Results: | | | | |
| Gross written premiums: | | | | |
| Contract | \$ 49,102 | \$ 45,589 | \$ 197,875 | \$ 180,588 |
| Commercial | 29,424 | 32,093 | 134,039 | 125,026 |
| Fidelity and other | 6,771 | 6,064 | 27,978 | 27,389 |
| | <u>85,297</u> | <u>83,746</u> | <u>359,892</u> | <u>333,003</u> |
| Net written premiums: | | | | |
| Contract | \$ 39,830 | \$ 40,602 | \$ 171,539 | \$ 165,603 |
| Commercial | 20,964 | 31,629 | 106,196 | 122,812 |
| Fidelity and other | 6,498 | 6,064 | 26,731 | 27,389 |
| | <u>\$ 67,292</u> | <u>\$ 78,295</u> | <u>\$ 304,466</u> | <u>\$ 315,804</u> |
| Net earned premiums | \$ 73,972 | \$ 83,380 | \$ 296,131 | \$ 320,910 |
| Net losses and loss adjustment expenses ⁽¹⁾ | 22,565 | 30,869 | 94,198 | 80,836 |
| Net commissions, brokerage and other underwriting expenses | 46,654 | 56,108 | 179,827 | 202,877 |
| Underwriting income | <u>\$ 4,753</u> | <u>\$ (3,597)</u> | <u>\$ 22,106</u> | <u>\$ 37,197</u> |
| Loss ratio ⁽¹⁾ | 30.5% | 37.0% | 31.8% | 25.2% |
| Expense ratio | 63.1 | 67.3 | 60.7 | 63.2 |
| Combined ratio ⁽¹⁾ | <u>93.6%</u> | <u>104.3%</u> | <u>92.5%</u> | <u>88.4%</u> |

Cash Flow Data:

| | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|
| Net cash provided by operations | \$ 11,925 | \$ 21,020 | \$ 85,538 | \$ 57,038 |
|---------------------------------|-----------|-----------|-----------|-----------|

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2002 | 2001 |
| Consolidated Balance Sheet Data: | | |
| Invested assets and cash | \$ 638,204 | \$ 579,657 |
| Intangible assets, net | 143,785 | 143,785 |
| Total assets | 1,080,329 | 1,061,598 |
| Insurance reserves | 519,646 | 516,190 |
| Long-term debt | 60,816 | 76,195 |
| Total stockholders' equity | 419,139 | 388,428 |
| Book value per share | \$ 9.77 | \$ 9.08 |
| Outstanding shares | <u>42,947</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 \$1,103, or 1.5%, and \$4,441, or 5.3%, for three months ended December 31, 2002 and 2001, respectively, and an addition of \$6,180, or 2.0%, and 4,812, or 1.5%, for twelve months ended December 31, 2002 and 2001, respectively.
- (2) As of January 1, 2002, the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 142 concerning the accounting for goodwill and other intangible assets. The adoption of this standard eliminated the Company's amortization of goodwill and intangibles as of December 31, 2001 and therefore, increased the Company's reported fourth quarter and full year 2002 net income by \$1.4 million, or 3 cents per share, and \$5.7 million, or 13 cents per share, respectively, as compared to the same periods in 2001. If the provisions of this standard were applied to prior periods, net income for the three and twelve month periods ended December 31, 2001 would have been \$2.1 million, or \$0.04 per share, and \$42.6 million, or \$0.99 per share, respectively.