

April 30, 2010

To our clients, agents and brokers:

We are pleased to report a solid start to 2010. We reported net income of nearly \$21 million on a combined ratio of 82.8%, both of which approximated last year's results. Equally encouraging was a small increase in gross written premiums. This is the first time in over a year we have seen premiums stabilize and we are hopeful this is the beginning of a growth trend.

Contract surety gross written premiums increased 1.6%, aided by an increase in non-construction performance bonds as well as premium assumed under international reinsurance contracts. Commercial surety gross written premiums grew slightly less than 1%, mainly as the result of improving general economic conditions.

Our loss and expense ratios remained nearly identical to prior year first quarter. Expenses remain under control with a reduction in reinsurance costs helping maintain the consistent expense ratio. While claim activity has picked up, our current reserving levels contemplated the current conditions.

Our investment portfolio continues in an unrealized gain position and we enjoyed \$26.3 million of positive cash flow during the quarter.

We appreciate the continued support of all those we do business with and look forward to the balance of 2010. Thank you.

Sincerely,



John F. Welch,  
President & Chief Executive Officer

## CNA Surety Selected Financial Highlights

(in thousands of US Dollars)

### Statement of Operations Data:

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009	Year Ended December 31, 2009
Gross Written Premiums	\$112,527	\$111,125	\$438,305
Net Written Premiums	\$106,660	\$104,019	\$411,034
Net Earned Premiums	\$ 98,252	\$101,151	\$421,872
Pre Tax Income	\$ 30,302	\$ 29,047	\$169,208
Net Income	\$ 20,805	\$ 20,864	\$117,861

	3 Months Ended March 31, 2010	3 Months Ended March 31, 2009	Year Ended December 31, 2009
Loss Ratio	29.1%	29.3%	16.5%
Expense Ratio	53.7%	53.7%	55.3%
Combined Ratio	82.8%	83.0%	71.8%

### Balance Sheet Data:

	As of March 31, 2010	As of March 31, 2009	As of December 31, 2009
Total Investments & Cash	\$1,352,137	\$1,162,204	\$1,322,654
Total Assets	\$1,749,124	\$1,609,466	\$1,709,035
Unpaid Losses & LAE	\$ 426,458	\$ 453,724	\$ 406,123
Total Stockholder's Equity	\$ 946,359	\$ 797,909	\$ 923,084
Statutory Surplus	\$ 699,800	\$ 574,722	\$ 679,302

### Financial Strength Rating:

Best Rating: A Excellent

S&P Rating: A-

CNA Surety Corporation provides a full range of surety and fidelity bonds in all 50 states, Canada and Puerto Rico. Headquartered in Chicago, Illinois, CNA Surety Corporation is the largest publicly traded surety company and is listed on the New York Stock Exchange (NYSE: SUR).

Through a combined network of approximately 37,000 independent agents, the company has the capability to serve a full range of surety needs, from the smallest commercial bonds to multi-million dollar contract bonds.

CNA Surety is known for its expert underwriting, solid financial strength, and a high level of personal service. With a highly diverse product line, and an unparalleled distribution system, CNA Surety ranks as one of the largest surety companies in the United States.

If you have questions or would like additional information regarding CNA Surety, please contact us at **1-800-331-6053** or [info@cnaSurety.com](mailto:info@cnaSurety.com).



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