



NEWS

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Summary: Penn-America Group (NYSE: PNG) Announces Three-For-Two Stock Split.

HATBORO PA (April 11, 2002) – Penn-America Group, Inc. (NYSE:PNG) today announced a three-for-two stock split to be effected in the form of a 50% stock dividend payable to stockholders of record as of April 25, 2002. The distribution date will be May 9, 2002. Cash will be paid in lieu of fractional shares based on the closing price of the company's common stock on the record date. The company expects to adjust its annual dividend rate to reflect the three-for-two split resulting in virtually no change in the aggregate amount of annual dividends paid by the company.

Jon Saltzman, president and CEO stated, "The market price of our common stock has appreciated more than 100% in the past 18 months. This stock split is intended to improve the market liquidity of our common stock and reward our current shareholders who have supported us during the last several years."

The following table summarizes the company's actual earnings per share for the year ended December 31, 2001, and actual book value per share as of December 31, 2001. The table also includes pro forma earnings per share and book value per share to reflect the three-for-two stock split:

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	<u>As of, or for the year ended December 31, 2001</u>	
	<u>As Reported</u>	<u>Pro Forma to Reflect Three-For-Two Stock Split</u>
Operating income per diluted share	\$.75	\$.50
Net income per diluted share	\$.70	\$.47
Diluted weighted average shares outstanding	7,667,802	11,501,703
Book value per share	\$10.51	\$7.00
Common shares outstanding	7,652,234	11,478,351

Penn-America Group, Inc. (NYSE:PNG) is a specialty commercial property and casualty insurance holding company. The company's "thinking small" strategy – underwriting small entrepreneurial businesses in small "Main Street" towns through a small network of wholesale general agents – has delivered substantial long-term growth in the original "E"-business: serving entrepreneurs.

Forward-Looking Information

Certain information included in this news release and other statements or materials published or to be published by the company are not historical facts but are forward-looking statements including but not limited to, such matters as anticipated financial performance, business prospects, technological developments, new and existing products, expectations for market segment and growth, and similar matters. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the company provides the following cautionary remarks regarding important factors which, among others, could cause the company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the company's forward-looking statements. The risks and uncertainties that may affect the operations, performance, development, results of the company's business, and the other matters referred to above include, but are not limited to: (1) changes in the business environment in which the company operates, including inflation and interest rates; (2) changes in taxes, governmental laws and regulations; (3) competitive product and pricing activity; and (4) difficulties of managing growth profitably. For additional disclosure regarding potential risk factors, please refer to the Company's 2001 10-K.

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