

Key Statistics

NASDAQ	NATL
A.M. Best rating	"A" (Excellent)
Employees	333
Fiscal year ends	December
Recent price*	\$27.52
52-week low-high	\$23.12 - \$37.01
Market capitalization*	\$531.5MM
Common shares outstanding ...	19.3MM
Dividend (Yield)*	\$0.24 (0.9%)
2007 diluted EPS	\$2.25
2007 P*/E	12.2x
Book value/share	\$11.08
Price/book value/share*	2.5x

*At February 29, 2008

2007 Twelve-Months Ratios

Loss ratio	58.0%
Underwriting expense ratio	22.9%
Combined ratio	80.9%
Return on equity	22.6%



CONTACTS:

Tanya Inama
877.837.0339
investorrelations@natl.com
-or-

Stan Berger
SM Berger & Company
216.464.6400
stan@smberger.com

National Interstate Corporation is a leading specialty property and casualty insurance holding company with a niche orientation and focus on the transportation industry. Founded in 1989, the Company has had an uninterrupted record of profitability in every year since 1990, its first full year of operation. National Interstate became public in 2005 and was added to the Russell 2000 Index in 2006.

The Company focuses on niche insurance markets, offering insurance products designed to meet unique needs of targeted insurance buyers. These markets often possess barriers of entry, such as being too small, too remote, or too difficult, to attract, or sustain competitors. National Interstate offers property and casualty insurance that can be grouped into the following business components:

- alternative risk transfer, also known as captive programs, primarily for transportation companies (48.5% of 2007's gross premiums written),
- transportation (26.3%),
- specialty personal lines, primarily for recreational vehicles and small commercial vehicle accounts (15.9%),
- transportation and general commercial insurance in Hawaii and Alaska (7.3%), and
- other insurance products (2.0%).



National Interstate seeks to grow opportunistically through new product offerings that address a specialized need in their respective market and by enhancing coverages, distribution and product design for its existing products. This strategy has proven to be successful for the Company. Gross premiums written have increased at a five-year CAGR of 16.5% from \$187.6 million in 2003 to \$346.0 million in 2007. Further, during this period, the CAGR in net income has grown 21.8% from \$19.8 million in 2003 to \$43.6 million in 2007.

The Company achieved a return on average shareholders' equity of 22.6% at December 31, 2007, exceeding management's stated objective of inflation plus 15%. For 2007, versus 2006, net income increased 22.1%, net investment income increased 26.0%, and gross premiums written increased 13.3%. National Interstate's diverse product structure continues to provide the Company with growth opportunities across all phases of the commercial insurance cycle. Over the last three years, the Company has achieved a CAGR of 18.9% in earnings per share.

Investment Merits

- Outstanding and consistent record of value creation, return on equity and profitable growth.
- Proven business model with a specialty insurance product focus.
- Underwriting profit in 17 of the 19 years in business.
- Growing and conservative investment portfolio.
- Strong balance sheet and capital ratios - the Company's book value per share at December 31, 2007 has increased 22.2% from 2006 to \$11.08.
- The Board of Directors recently increased the quarterly cash dividend by \$0.01 to \$0.06 per share. The Company has consistently increased its quarterly dividend since its IPO in 2005.

Competitive Advantages

- Since its inception, the Company has outperformed the property and casualty industry. Over the past five years its average statutory combined ratio was more than 15 percentage points better than the industry and its CAGR in Net Premiums Written was more than 22 percentage points better than the industry.
- Each of the Company's 30+ products is headed by a product manager responsible for achieving that product's planned growth and profitably.
- All claims are managed by the Company's claims professionals.
- The Company has a track record of successfully identifying new product opportunities and its infrastructure allows for quick implementation.

2007 FOURTH QUARTER AND FULL YEAR FINANCIAL RESULTS

Net income for the 2007 fourth quarter of \$11.1 million, or \$0.57 per diluted share contributed to record net income for the 2007 twelve month period of \$43.6 million, or \$2.25 per diluted share, an increase of 22.1% compared to 2006. The 2007 fourth quarter net income, which was adversely impacted by higher federal income tax expense, and was slightly below an unusually strong 2006 fourth quarter, met expectations.

Gross premiums written increased 15.6% to \$71.1 million and 13.3% to \$346.0 for the 2007 fourth quarter and full year, respectively. The Transportation, Specialty Personal Lines, and Hawaii and Alaska components all experienced single digit percentage growth in 2007, compared to 2006, while the Alternative Risk Transfer Component grew 24.0% for the year. Management was pleased with the fourth quarter and annual top line growth especially considering the competitive market conditions. Renewal rates for most of the Company's traditional insurance products remain flat due to soft market conditions and growth is primarily from new products, coverages, and customers in National Interstate's Alternative Risk Transfer component. In the 2007 fourth quarter compared to 2006, the Alternative Risk Transfer component grew 55.4% reflecting both new and organic growth. The unusual timing of the renewal of several large policies in the 2006 fourth quarter and continued price competition in the 2007 fourth quarter, resulted in a quarter over quarter decline in the Transportation component.

The GAAP combined ratio for the 2007 fourth quarter increased 1.7 percentage points to 79.5%, and for the 2007 full year decreased 1.6 percentage points to 80.9%, compared to last year. The Company continues to experience favorable loss and loss adjustment expenses and maintain consistent operating expense ratios. In both 2007

and 2006 the Company experienced low loss severity in the fourth quarter compared to other quarters of the year. The 2007 full-year loss and loss adjustment expense ratio decreased 1.6 percentage points to 58.0% compared to last year. The Company had favorable development of prior year reserves of \$5.7 million (3.1% of net reserves, 2.2 percentage point loss ratio reduction) for the 2007 full year compared to \$7.5 million (4.9% of net reserves, 3.4 percentage point loss ratio reduction) for 2006. The underwriting expense ratio was 22.9% for both the 2007 full year and 2006 full year. Accident year loss and loss adjustment expense ratios have remained steady for the past several years and the Company continues to closely manage its expenses.

Net investment income increased 17.3% for the 2007 fourth quarter and 26.0% for the 2007 full year. The net investment income improvement reflects higher average invested assets due to continued strong cash flows from operations as well as a higher tax equivalent yield of the portfolio. The Company has historically maintained a conservative, diversified, and high quality investment portfolio. Specifically, National Interstate does not have any direct exposure in its mortgage backed/collateralized mortgage obligations related to the subprime lending sector, 94% of its municipal bond portfolio is rated A- or better giving no effect to credit enhancement, and all of its investments are current with dividend and interest payments. The recent turmoil in investment markets has resulted in market declines in the portfolio, particularly in the credit and real estate related holdings. In the 2007 fourth quarter, the Company recorded a write-down of \$0.8 million related to several preferred stock holdings with market values as of December 31, 2007 that were significantly below cost. The Company does not believe it will experience any material true economic losses from these investments.

Selected Financial Information (GAAP; in thousands except per-share data; unaudited)

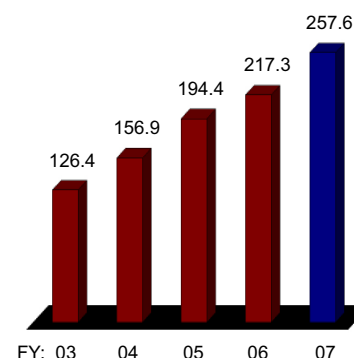
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
Operating Data:				
Gross premiums written	\$ 71,136	\$ 61,511	\$ 346,006	\$ 305,504
Net premiums written	59,109	51,965	272,142	241,916
Premiums earned	67,819	57,956	257,561	217,319
Net investment income	5,720	4,876	22,141	17,579
Net realized (losses) gains	(606)	479	(653)	1,193
Other income	753	784	4,137	2,387
Total revenues	73,686	64,095	283,186	238,478
Losses & loss adjustment expenses	36,937	31,065	149,501	129,491
Commissions & other underwriting expense	14,574	12,689	50,922	42,671
Other operating & general expenses	3,150	2,099	12,140	9,472
Expense on amounts withheld	1,067	655	3,708	2,147
Interest expense	390	390	1,550	1,522
Total expenses	56,118	46,898	217,821	185,303
Income before income taxes	17,568	17,197	65,365	53,175
Provision for income taxes	6,436	5,769	21,763	17,475
Net income	\$ 11,132	\$ 11,428	\$ 43,602	\$ 35,700
Per Share Data:				
Earnings per common share, diluted	\$ 0.57	\$ 0.59	\$ 2.25	\$ 1.85
Book value per common share, basic	\$ 11.08	\$ 9.07	\$ 11.08	\$ 9.07
Weighted average shares outstanding, diluted	19,477	19,379	19,348	19,302
Common shares outstanding	19,312	19,159	19,312	19,159
Cash dividend per common share	\$ 0.05	\$ 0.04	\$ 0.20	\$ 0.16
GAAP Ratios:				
Loss and loss adjustment expense ratio	54.5%	53.6%	58.0%	59.6%
Underwriting expense ratio	25.0%	24.2%	22.9%	22.9%
Combined ratio	79.5%	77.8%	80.9%	82.5%
Return on average shareholders' equity	--	--	22.6%	22.8%
Average shareholders' equity	--	--	\$ 193,285	\$ 156,648

Balance Sheet Information

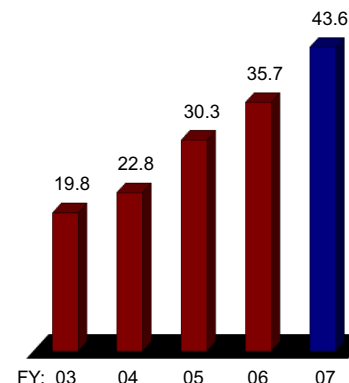
	At Dec. 31, 2007	At Dec. 31, 2006
Cash & investments	\$ 492,916	\$ 406,454
Reinsurance recoverable	98,091	90,070
Total assets	898,634	806,248
Unpaid losses and loss adjustment expenses	302,088	265,966
Long-term debt	15,464	15,464
Total shareholders' equity	\$ 212,806	\$ 173,763

Annual Trends

Premiums Earned (dollars in millions)



Net Income (dollars in millions)



This document, including any information incorporated by reference, contains "forward-looking statements" (within the meaning of Private Securities Litigation Reform Act of 1995). All statements, trend analyses and other information contained in this Form 10-Q relative to markets for our products and trends in our operations or financial results, as well as other statements including words such as "may," "target," "anticipate," "believe," "plan," "estimate," "expect," "intend," "project," and other similar expressions, constitute forward-looking statements. We made these statements based on our plans and current analyses of our business and the insurance industry as a whole. We caution that these statements may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, we cannot provide assurance that actual results will not differ from those expressed or implied by the forward-looking statements. Factors that could contribute to these differences include, among other things: general economic conditions and other factors, including prevailing interest rate levels and stock and credit market performance which may affect (among other things) our ability to sell our products, our ability to access capital resources and the costs associated with such access to capital and the market value of our investments; customer response to new products and marketing initiatives; tax law changes; increasing competition in the sale of our insurance products and services and the retention of existing customers; changes in legal environment; regulatory changes or actions, including those relating to regulation of the sale, underwriting and pricing of insurance products and services and capital requirements; levels of natural catastrophes, terrorist events, incidents of war and other major losses; adequacy of insurance reserves; and availability of reinsurance and ability of reinsurers to pay their obligations.

The forward-looking statements herein are made only as of the date of this report. The Company assumes no obligation to publicly update any forward-looking statements.