

# PMA Capital Corporation

## Statistical Supplement

First Quarter 2010

**PMA Capital Corporation**

Statistical Supplement

First Quarter - 2010

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NM - Not Meaningful	

**Operating income, which we define as GAAP net income excluding net realized investment gains and losses and the results from discontinued operations, is the financial performance measure used by our management and Board of Directors to evaluate and assess the results of our businesses. Net realized investment activity is excluded because (i) net realized investment gains and losses are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments and (ii) in many instances, decisions to buy and sell securities are made at the holding company level, and such decisions result in net realized gains and losses that do not relate to the operations of the individual segments. Operating income does not replace net income as the GAAP measure of our consolidated results of operations. See page 1 for reconciliations of operating results by segment to GAAP net income.**

**PMA Capital Corporation**

Selected Financial Data

*(Dollar Amounts in Thousands, Except Per Share Data)*

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>	<b>% Change 1st Quarter</b>
<b>Direct Premiums Written</b>	\$ 161,965	\$ 108,994	\$ 161,965	\$ 118,272	\$ 170,730	5.4%
<b>Net Premiums Written</b>	\$ 117,978	\$ 80,302	\$ 119,259	\$ 84,366	\$ 128,245	8.7%
<b>Revenues:</b>						
Net premiums earned	\$ 104,930	\$ 106,949	\$ 102,428	\$ 100,464	\$ 103,496	-1.4%
Claims service revenues	15,684	16,835	17,112	17,998	17,883	14.0%
Commission income	3,463	2,117	2,747	2,515	3,092	-10.7%
Net investment income	8,457	9,561	9,522	9,336	9,120	7.8%
Net realized investment gains (losses)	749	(472)	795	(558)	426	-43.1%
Other revenues	176	190	259	458	392	NM
Total revenues	\$ 133,459	\$ 135,180	\$ 132,863	\$ 130,213	\$ 134,409	0.7%
<b>Major Components of Net Income:</b>						
Pre-tax operating income (loss) by segment:						
PMA Insurance Group	\$ 15,187	\$ 9,965	\$ 13,616	\$ 4,282	\$ 14,267	-6.1%
Fee-based Business	2,013	1,525	1,574	2,096	2,305	14.5%
Corporate & Other	(5,000)	(5,167)	(4,768)	(4,192)	(4,366)	12.7%
Pre-tax operating income	12,200	6,323	10,422	2,186	12,206	0.0%
Income tax expense (benefit)	4,384	2,249	3,690	(19,680)	4,389	0.1%
After-tax operating income	7,816	4,074	6,732	21,866	7,817	0.0%
Net realized investment gains (losses) after tax	487	(307)	517	(363)	277	-43.1%
Income from continuing operations	8,303	3,767	7,249	21,503	8,094	-2.5%
Loss from discontinued operations after tax	(86)	(1,165)	(40)	(18,318)	-	NM
Net income	\$ 8,217	\$ 2,602	\$ 7,209	\$ 3,185	\$ 8,094	-1.5%
<b>Diluted Earnings (Loss) Per Share:</b>						
After-tax operating income	\$ 0.24	\$ 0.13	\$ 0.21	\$ 0.68	\$ 0.24	0.0%
Realized gains (losses) after tax	0.02	(0.01)	0.01	(0.01)	0.01	-50.0%
Income from continuing operations	0.26	0.12	0.22	0.67	0.25	-3.8%
Loss from discontinued operations after tax	-	(0.04)	-	(0.57)	-	NM
Net income	\$ 0.26	\$ 0.08	\$ 0.22	\$ 0.10	\$ 0.25	-3.8%
<b>Capitalization:</b>						
Debt	\$ 129,380	\$ 129,380	\$ 129,380	\$ 143,380	\$ 137,445	6.2%
Shareholders' equity excluding FAS 115 unrealized gain (loss)	374,007	377,505	384,958	392,005	400,349	7.0%
Total capitalization excluding FAS 115 unrealized gain (loss)	503,387	506,885	514,338	535,385	537,794	6.8%
FAS 115 unrealized gain (loss)	(22,737)	(8,507)	14,214	9,792	17,781	NM
Total capitalization including FAS 115 unrealized gain (loss)	\$ 480,650	\$ 498,378	\$ 528,552	\$ 545,177	\$ 555,575	15.6%
<b>Book Value Per Share:</b>						
Excluding FAS 115 unrealized gain (loss)	\$ 11.61	\$ 11.71	\$ 11.94	\$ 12.15	\$ 12.41	6.9%
Including FAS 115 unrealized gain (loss)	\$ 10.91	\$ 11.45	\$ 12.38	\$ 12.46	\$ 12.96	18.8%
<b>Debt to Total Capital:</b>						
Excluding FAS 115 unrealized gain (loss)	25.7%	25.5%	25.2%	26.8%	25.6%	-0.4%
Including FAS 115 unrealized gain (loss)	26.9%	26.0%	24.5%	26.3%	24.7%	-8.2%
<b>Interest Coverage:</b>						
Income from continuing operations before interest and income taxes to interest expense	6.17	3.36	5.63	1.68	6.04	-2.1%
Operating income from continuing operations before interest and income taxes to interest expense	5.87	3.55	5.30	1.92	5.87	0.0%

**PMA Capital Corporation**  
Consolidated Statements of Operations - Per Share Data

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010
<b>Diluted Earnings (Loss) Per Share:</b>					
Pre-tax operating income	\$ 0.38	\$ 0.20	\$ 0.32	\$ 0.07	\$ 0.38
After-tax operating income	\$ 0.24	\$ 0.13	\$ 0.21	\$ 0.68	\$ 0.24
Income from continuing operations	\$ 0.26	\$ 0.12	\$ 0.22	\$ 0.67	\$ 0.25
Loss from discontinued operations after tax	-	(0.04)	-	(0.57)	-
Net income	\$ 0.26	\$ 0.08	\$ 0.22	\$ 0.10	\$ 0.25
Diluted weighted average common shares outstanding	32,020,346	32,231,391	32,244,469	32,250,573	32,260,938
<b>Dividends declared:</b>					
Class A Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -
Actual common shares issued and outstanding	32,211,133	32,238,944	32,241,620	32,251,120	32,251,120
<b>Class A Common Stock prices:</b>					
High	\$ 7.20	\$ 5.35	\$ 6.33	\$ 7.44	\$ 6.89
Low	\$ 3.50	\$ 3.70	\$ 4.27	\$ 4.64	\$ 5.60
Close	\$ 4.17	\$ 4.55	\$ 5.69	\$ 6.30	\$ 6.14

**PMA Capital Corporation**  
Consolidated Statements of Operations  
(Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	% Change 1st Quarter
<b>Gross Premiums Written</b>	\$ 164,070	\$ 113,424	\$ 164,339	\$ 119,433	\$ 171,905	4.8%
<b>Net Premiums Written</b>	\$ 117,978	\$ 80,302	\$ 119,259	\$ 84,366	\$ 128,245	8.7%
<b>Revenues:</b>						
Net premiums earned	\$ 104,930	\$ 106,949	\$ 102,428	\$ 100,464	\$ 103,496	-1.4%
Claims service revenues	15,684	16,835	17,112	17,998	17,883	14.0%
Commission income	3,463	2,117	2,747	2,515	3,092	-10.7%
Net investment income	8,457	9,561	9,522	9,336	9,120	7.8%
Net realized investment gains (losses)	749	(472)	795	(558)	426	-43.1%
Other revenues	176	190	259	458	392	NM
Total revenues	133,459	135,180	132,863	130,213	134,409	0.7%
<b>Expenses:</b>						
Losses and loss adjustment expenses	75,775	73,494	70,158	71,783	75,070	-0.9%
Acquisition expenses	17,198	19,508	16,046	17,282	18,047	4.9%
Operating expenses	24,385	31,540	30,235	34,213	25,632	5.1%
Dividends to policyholders	646	2,311	2,786	2,918	524	-18.9%
Interest expense	2,506	2,476	2,421	2,389	2,504	-0.1%
Total losses and expenses	120,510	129,329	121,646	128,585	121,777	1.1%
Pre-tax income	12,949	5,851	11,217	1,628	12,632	-2.4%
Income tax expense (benefit):						
Current	244	265	220	(412)	254	4.1%
Deferred	4,402	1,819	3,748	(19,463)	4,284	-2.7%
Total income tax expense (benefit)	4,646	2,084	3,968	(19,875)	4,538	-2.3%
Income from continuing operations	8,303	3,767	7,249	21,503	8,094	-2.5%
Loss from discontinued operations after tax	(86)	(1,165)	(40)	(18,318)	-	NM
Net income	\$ 8,217	\$ 2,602	\$ 7,209	\$ 3,185	\$ 8,094	-1.5%
Pre-tax operating income from continuing operations	\$ 12,200	\$ 6,323	\$ 10,422	\$ 2,186	\$ 12,206	0.0%
After-tax operating income from continuing operations	\$ 7,816	\$ 4,074	\$ 6,732	\$ 21,866	\$ 7,817	0.0%

**PMA Capital Corporation**

Consolidated Balance Sheets

(Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010
<b>Assets:</b>					
Investments in fixed maturities available for sale	\$ 714,202	\$ 737,606	\$ 817,089	\$ 791,355	\$ 800,612
Short-term investments	58,273	38,103	62,004	41,072	25,921
Other investments	13,832	21,073	22,669	30,226	31,205
Total investments	786,307	796,782	901,762	862,653	857,738
Cash	11,767	10,163	13,887	11,059	13,583
Accrued investment income	6,500	7,221	6,918	7,352	7,663
Premiums receivable	257,380	236,663	246,871	238,650	275,122
Reinsurance receivables	830,962	855,161	807,245	827,458	839,723
Prepaid reinsurance premiums	41,314	37,271	40,883	35,788	40,363
Deferred income taxes, net	135,496	126,397	110,358	139,782	131,097
Deferred acquisition costs	44,857	39,364	42,583	39,124	44,820
Funds held by reinsureds	54,166	54,312	56,623	58,935	61,573
Intangible assets	29,668	30,165	29,961	29,757	29,553
Other assets	119,361	123,460	126,015	112,181	108,476
Assets of discontinued operations	235,265	208,272	192,431	-	-
Total assets	<u>\$ 2,553,043</u>	<u>\$ 2,525,231</u>	<u>\$ 2,575,537</u>	<u>\$ 2,362,739</u>	<u>\$ 2,409,711</u>
<b>Liabilities:</b>					
Unpaid losses and loss adjustment expenses	\$ 1,256,435	\$ 1,271,089	\$ 1,259,940	\$ 1,269,685	\$ 1,274,006
Unearned premiums	272,200	241,508	261,952	240,759	270,083
Debt	129,380	129,380	129,380	143,380	137,445
Accounts payable, accrued expenses and other liabilities	219,189	222,359	250,304	249,787	238,493
Reinsurance funds held and balances payable	59,074	53,327	52,914	51,331	65,610
Dividends to policyholders	7,224	6,022	6,177	6,000	5,944
Liabilities of discontinued operations	258,271	232,548	215,698	-	-
Total liabilities	<u>2,201,773</u>	<u>2,156,233</u>	<u>2,176,365</u>	<u>1,960,942</u>	<u>1,991,581</u>
<b>Shareholders' Equity:</b>					
Class A Common Stock	171,090	171,090	171,090	171,090	171,090
Additional paid-in capital	111,953	112,264	112,349	111,841	111,906
Retained earnings	143,291	145,500	152,670	155,747	163,841
Accumulated other comprehensive loss	(51,497)	(36,814)	(13,947)	(14,060)	(5,886)
Treasury stock, at cost	(23,567)	(23,042)	(22,990)	(22,821)	(22,821)
Total shareholders' equity	<u>351,270</u>	<u>368,998</u>	<u>399,172</u>	<u>401,797</u>	<u>418,130</u>
Total liabilities and shareholders' equity	<u>\$ 2,553,043</u>	<u>\$ 2,525,231</u>	<u>\$ 2,575,537</u>	<u>\$ 2,362,739</u>	<u>\$ 2,409,711</u>

**PMA Capital Corporation**

Selected Balance Sheet Items - Fronting Arrangements  
(Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>
<u>Assets</u>					
Premiums receivable	\$ 38,833	\$ 36,670	\$ 33,337	\$ 38,756	\$ 46,005
Reinsurance receivables	50,175	53,675	58,107	59,579	61,431
Prepaid reinsurance premiums	24,884	23,072	20,346	20,685	23,778
Deferred acquisition costs	1,269	1,081	902	964	1,109
Other assets	6,818	7,269	6,684	7,161	4,031
<u>Liabilities</u>					
Unpaid losses and loss adjustment expenses	\$ 53,087	\$ 57,367	\$ 62,642	\$ 65,165	\$ 67,440
Unearned premiums	29,430	26,866	23,512	24,073	27,794
Reinsurance funds held and balances payable	31,237	26,951	23,138	27,176	31,663
Other liabilities	11,392	12,081	12,620	14,481	11,879

**PMA Capital Corporation**

Rollforward of Deferred Policy Acquisition Costs - PMA Insurance Group  
(Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>
<u>Balance Sheet</u>					
Balance, beginning of period	\$ 40,938	\$ 44,857	\$ 39,364	\$ 42,583	\$ 39,124
Policy acquisition costs deferred	21,136	14,036	19,312	13,849	23,810
Amortization of policy acquisition costs	(17,217)	(19,529)	(16,093)	(17,308)	(18,114)
Net change	3,919	(5,493)	3,219	(3,459)	5,696
Balance, end of period	\$ 44,857	\$ 39,364	\$ 42,583	\$ 39,124	\$ 44,820

**PMA Capital Corporation**

Assets and Liabilities of Discontinued Operations  
(Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>
<u>Assets</u>					
Investments	\$ 137,317	\$ 110,736	\$ 100,296	\$ -	\$ -
Cash	85	1,271	494	-	-
Reinsurance receivables	93,120	89,361	81,887	-	-
Other assets	4,743	6,904	9,754	-	-
Assets of discontinued operations	\$ 235,265	\$ 208,272	\$ 192,431	\$ -	\$ -
<u>Liabilities</u>					
Unpaid losses and loss adjustment expenses	\$ 235,568	\$ 206,743	\$ 193,051	\$ -	\$ -
Other liabilities	22,703	25,805	22,647	-	-
Liabilities of discontinued operations	\$ 258,271	\$ 232,548	\$ 215,698	\$ -	\$ -

**PMA Capital Corporation**  
Invested Assets and Net Investment Income  
(Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010
<b>Total Investments &amp; Cash</b>					
As reported	\$ 798,074	\$ 806,945	\$ 915,649	\$ 873,712	\$ 871,321
Less:					
Unrealized gain (loss) on fixed maturities available for sale	(33,799)	(13,563)	19,501	12,201	23,873
Unrealized gain (loss) on other investments	(1,181)	475	2,367	2,863	3,483
Total adjusted investments & cash	<u>\$ 833,054</u>	<u>\$ 820,033</u>	<u>\$ 893,781</u>	<u>\$ 858,648</u>	<u>\$ 843,965</u>
<b>Net Investment Income</b>					
As reported	\$ 8,457	\$ 9,561	\$ 9,522	\$ 9,336	\$ 9,120
Less:					
Interest on funds held and other	(619)	(511)	(463)	(406)	(361)
Total adjusted investment income	<u>\$ 9,076</u>	<u>\$ 10,072</u>	<u>\$ 9,985</u>	<u>\$ 9,742</u>	<u>\$ 9,481</u>
<b>Yield</b>					
As reported	4.28%	4.77%	4.42%	4.17%	4.18%
Investment portfolio	4.41%	4.87%	4.66%	4.45%	4.45%
<b>Duration (in years)</b>	3.5	4.3	4.2	4.3	4.2

**PMA Capital Corporation**  
Debt  
(Dollar Amounts in Thousands)

	Amount Outstanding	Maturity
Trust preferred debt <sup>1</sup>	\$ 62,500	2033 - 2037
8.50% senior notes	54,900	2018
Notes payable	10,000	2010 - 2011 <sup>3</sup>
Surplus notes <sup>2</sup>	10,000	2035
4.25% convertible debt	45	2022 <sup>4</sup>
Total long-term debt	<u>\$ 137,445</u>	

<sup>1</sup> Weighted average interest rate on trust preferred debt is 4.20% as of March 31, 2010. In the first quarter of 2010, we adopted accounting guidance which required us to consolidate the trusts related to our trust preferred debt. As a result, our trust preferred debt was reduced by \$1.9 million.

<sup>2</sup> Interest rate on surplus notes is 4.75% as of March 31, 2010.

<sup>3</sup> Notes payable are for capital contributions to our former Run-off Operations, which are payable in two equal installments of \$5 million in June 2010 and June 2011.

<sup>4</sup> Holders of this debt, at their option, may require us to repurchase all or a portion of their debentures on September 30, 2010, 2012 and 2017. This debt may be converted at any time, at the holder's option, at a current price of \$16.368 per share.

**PMA Capital Corporation**  
Statements of Operations - Consolidating  
Three Months Ended March 31, 2010  
(Dollar Amounts in Thousands)

	<b>PMA Insurance Group</b>	<b>Fee-based Business</b>	<b>Corporate &amp; Other<sup>1</sup></b>	<b>Consolidated</b>
<b>Gross Premiums Written</b>	\$ 172,043	\$ -	\$ (138)	\$ 171,905
<b>Net Premiums Written</b>	\$ 128,383	\$ -	\$ (138)	\$ 128,245
<b>Revenues:</b>				
Net premiums earned	\$ 103,634	\$ -	\$ (138)	\$ 103,496
Claims service revenues	-	17,895	(12)	17,883
Commission income	-	3,159	(67)	3,092
Net investment income	9,225	43	(148)	9,120
Other revenues	-	388	4	392
Total operating revenues	112,859	21,485	(361)	133,983
<b>Losses and Expenses:</b>				
Losses and loss adjustment expenses	75,070	-	-	75,070
Acquisition expenses	18,114	-	(67)	18,047
Operating expenses	4,762	19,180	1,690	25,632
Dividends to policyholders	524	-	-	524
Total losses and expenses	98,470	19,180	1,623	119,273
Operating income (loss) before income taxes and interest expense	14,389	2,305	(1,984)	14,710
Interest expense	122	-	2,382	2,504
Pre-tax operating income (loss)	\$ 14,267	\$ 2,305	\$ (4,366)	12,206
Net realized investment gains				426
Pre-tax income				\$ 12,632

<sup>1</sup> Corporate & Other includes the effect of eliminating transactions between the operating segments.

**PMA Capital Corporation**  
Statements of Operations - Consolidating  
Three Months Ended March 31, 2009  
(Dollar Amounts in Thousands)

	<b>PMA Insurance Group</b>	<b>Fee-based Business</b>	<b>Corporate &amp; Other<sup>1</sup></b>	<b>Consolidated</b>
<b>Gross Premiums Written</b>	\$ 164,218	\$ -	\$ (148)	\$ 164,070
<b>Net Premiums Written</b>	\$ 118,126	\$ -	\$ (148)	\$ 117,978
<b>Revenues:</b>				
Net premiums earned	\$ 105,078	\$ -	\$ (148)	\$ 104,930
Claims service revenues	-	15,995	(311)	15,684
Commission income	-	3,475	(12)	3,463
Net investment income	8,466	86	(95)	8,457
Other revenues	-	170	6	176
Total operating revenues	113,544	19,726	(560)	132,710
<b>Losses and Expenses:</b>				
Losses and loss adjustment expenses	75,775	-	-	75,775
Acquisition expenses	17,217	-	(19)	17,198
Operating expenses	4,559	17,713	2,113	24,385
Dividends to policyholders	646	-	-	646
Total losses and expenses	98,197	17,713	2,094	118,004
Operating income (loss) before income taxes and interest expense	15,347	2,013	(2,654)	14,706
Interest expense	160	-	2,346	2,506
Pre-tax operating income (loss)	\$ 15,187	\$ 2,013	\$ (5,000)	12,200
Net realized investment gains				749
Pre-tax income				\$ 12,949

<sup>1</sup> Corporate & Other includes the effect of eliminating transactions between the operating segments.

**PMA Capital Corporation**  
 Statements of Operations - PMA Insurance Group  
 (Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	% Change 1st Quarter
<b>Gross Premiums Written</b>	\$ 164,218	\$ 113,566	\$ 164,497	\$ 119,575	\$ 172,043	4.8%
<b>Net Premiums Written</b>	\$ 118,126	\$ 80,444	\$ 119,417	\$ 84,508	\$ 128,383	8.7%
<b>Revenues:</b>						
Net premiums earned	\$ 105,078	\$ 107,091	\$ 102,586	\$ 100,606	\$ 103,634	-1.4%
Net investment income	8,466	9,502	9,415	9,307	9,225	9.0%
Other revenues	-	-	-	166	-	NM
Total operating revenues	113,544	116,593	112,001	110,079	112,859	-0.6%
<b>Losses and Expenses:</b>						
Losses and loss adjustment expenses	75,775	73,494	70,158	71,783	75,070	-0.9%
Acquisition expenses	17,217	19,529	16,093	17,308	18,114	5.2%
Operating expenses	4,559	11,151	9,213	13,662	4,762	4.5%
Dividends to policyholders	646	2,311	2,786	2,918	524	-18.9%
Total losses and expenses	98,197	106,485	98,250	105,671	98,470	0.3%
Operating income before income taxes and interest expense	15,347	10,108	13,751	4,408	14,389	-6.2%
Interest expense	160	143	135	126	122	-23.8%
Pre-tax operating income	\$ 15,187	\$ 9,965	\$ 13,616	\$ 4,282	\$ 14,267	-6.1%

**PMA Capital Corporation**  
Insurance Ratios - PMA Insurance Group

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	Point Chg. 1st Quarter Better (Worse)
<b>Ratios - GAAP Basis:</b>						
Loss and LAE ratio	72.1%	68.6%	68.4%	71.4%	72.4%	(0.3)
Expense ratio:						
Acquisition expenses	16.4%	18.2%	15.7%	17.2%	17.5%	(1.1)
Operating expenses	4.4%	10.4%	9.0%	13.5%	4.6%	(0.2)
Total expense ratio	20.8%	28.6%	24.7%	30.7%	22.1%	(1.3)
Policyholders' dividend ratio	0.6%	2.2%	2.7%	2.9%	0.5%	0.1
Combined ratio	93.5%	99.4%	95.8%	105.0%	95.0%	(1.5)
Net investment income ratio	-8.1%	-8.9%	-9.2%	-9.3%	-8.9%	0.8
Operating ratio	85.4%	90.5%	86.6%	95.7%	86.1%	(0.7)

## PMA Capital Corporation

### Components of Direct Premiums Written - PMA Insurance Group

*(Dollar Amounts in Thousands)*

	<b>1st Quarter 2008</b>	<b>2nd Quarter 2008</b>	<b>3rd Quarter 2008</b>	<b>4th Quarter 2008</b>	<b>Twelve Months 2008</b>
Direct premium production	\$ 146,608	\$ 96,736	\$ 150,547	\$ 112,296	\$ 506,187
Fronting premiums	8,143	2,113	2,776	21,800	34,832
Premium adjustments	(14,198)	370	(5,008)	(4,261)	(23,097)
Direct premiums written	<u>\$ 140,553</u>	<u>\$ 99,219</u>	<u>\$ 148,315</u>	<u>\$ 129,835</u>	<u>\$ 517,922</u>

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>Twelve Months 2009</b>
Direct premium production	\$ 147,367	\$ 102,212	\$ 154,754	\$ 108,169	\$ 512,502
Fronting premiums	19,622	9,677	10,890	14,497	54,686
Premium adjustments	(4,876)	(2,753)	(3,521)	(4,252)	(15,402)
Direct premiums written	<u>\$ 162,113</u>	<u>\$ 109,136</u>	<u>\$ 162,123</u>	<u>\$ 118,414</u>	<u>\$ 551,786</u>

	<b>1st Quarter 2010</b>
Direct premium production	\$ 157,092
Fronting premiums	15,795
Premium adjustments	(2,019)
Direct premiums written	<u>\$ 170,868</u>

**PMA Capital Corporation**  
 Statements of Operations - Fee-based Business  
 (Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>	<b>% Change 1st Quarter</b>
<b>Revenues:</b>						
Claims service revenues	\$ 15,995	\$ 17,122	\$ 17,398	\$ 18,236	\$ 17,895	11.9%
Commission income	3,475	2,132	2,777	2,572	3,159	-9.1%
Net investment income	86	101	142	15	43	-50.0%
Other revenues	170	167	236	208	388	NM
Total operating revenues	<u>19,726</u>	<u>19,522</u>	<u>20,553</u>	<u>21,031</u>	<u>21,485</u>	<u>8.9%</u>
<b>Expenses:</b>						
Operating expenses	17,713	17,997	18,979	18,935	19,180	8.3%
Total expenses	<u>17,713</u>	<u>17,997</u>	<u>18,979</u>	<u>18,935</u>	<u>19,180</u>	<u>8.3%</u>
Pre-tax operating income	<u>\$ 2,013</u>	<u>\$ 1,525</u>	<u>\$ 1,574</u>	<u>\$ 2,096</u>	<u>\$ 2,305</u>	<u>14.5%</u>

**PMA Capital Corporation**  
 Statements of Operations - Corporate & Other  
 (Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	% Change 1st Quarter
<b>Gross Premiums Written</b>	\$ (148)	\$ (142)	\$ (158)	\$ (142)	\$ (138)	6.8%
<b>Net Premiums Written</b>	\$ (148)	\$ (142)	\$ (158)	\$ (142)	\$ (138)	6.8%
<b>Revenues:</b>						
Net premiums earned	\$ (148)	\$ (142)	\$ (158)	\$ (142)	\$ (138)	6.8%
Claims service revenues	(311)	(287)	(286)	(238)	(12)	96.1%
Commission income	(12)	(15)	(30)	(57)	(67)	NM
Net investment income	(95)	(42)	(35)	14	(148)	-55.8%
Other revenues	6	23	23	84	4	-33.3%
Total operating revenues	(560)	(463)	(486)	(339)	(361)	35.5%
<b>Expenses:</b>						
Acquisition expenses	(19)	(21)	(47)	(26)	(67)	NM
Operating expenses	2,113	2,392	2,043	1,616	1,690	-20.0%
Total expenses	2,094	2,371	1,996	1,590	1,623	-22.5%
Operating loss before income taxes and interest expense	(2,654)	(2,834)	(2,482)	(1,929)	(1,984)	25.2%
Interest expense	2,346	2,333	2,286	2,263	2,382	1.5%
Pre-tax operating loss	\$ (5,000)	\$ (5,167)	\$ (4,768)	\$ (4,192)	\$ (4,366)	12.7%

**PMA Capital Corporation**  
Statements of Operations - Discontinued Operations  
(Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	% Change 1st Quarter
<b>Gross Premiums Written</b>	\$ 466	\$ 2,093	\$ 384	\$ (485)	\$ -	NM
<b>Net Premiums Written</b>	\$ (87)	\$ 1,798	\$ 360	\$ (755)	\$ -	NM
<b>Revenues:</b>						
Net premiums earned	\$ 617	\$ 1,673	\$ (2)	\$ -	\$ -	NM
Net investment income	(878)	(937)	(1,066)	6,908	-	NM
Total operating revenues	(261)	736	(1,068)	6,908	-	NM
<b>Losses and Expenses:</b>						
Losses and loss adjustment expenses	129	1,910	(175)	33	-	NM
Acquisition expenses	1,199	120	104	14	-	NM
Operating expenses	2,577	2,397	2,101	4,945	-	NM
Impairment charge / valuation adjustment	(4,387)	(2,172)	(2,722)	29,673	-	NM
Total losses and expenses	(482)	2,255	(692)	34,665	-	NM
Pre-tax operating income (loss) from discontinued operations	221	(1,519)	(376)	(27,757)	-	NM
Income tax expense (benefit)	77	(530)	(133)	(9,715)	-	NM
After-tax operating income (loss) from discontinued operations	144	(989)	(243)	(18,042)	-	NM
Realized gains (losses) after tax	(230)	(176)	203	(276)	-	NM
Loss from discontinued operations	\$ (86)	\$ (1,165)	\$ (40)	\$ (18,318)	\$ -	NM

**Note:** The net results from discontinued operations are reported as a separate line item below "Income from continuing operations" in the consolidated statements of operations.

**PMA Capital Corporation**  
Operating Cash Flows - Consolidated  
*(Dollar Amounts in Thousands)*

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010
<b>Receipts:</b>					
Premiums collected	\$ 109,089	\$ 96,214	\$ 105,816	\$ 89,289	\$ 103,512
Claims service, commissions and other revenues	22,276	18,203	21,658	15,909	24,398
Investment income received	9,789	9,164	10,124	9,430	10,057
Total receipts	<u>141,154</u>	<u>123,581</u>	<u>137,598</u>	<u>114,628</u>	<u>137,967</u>
<b>Disbursements:</b>					
Losses and LAE paid:					
Losses and LAE paid - current year	5,265	18,874	25,500	35,347	6,556
Losses and LAE paid - prior years	61,152	63,486	6,931	49,219	77,515
Total losses and LAE paid	<u>66,417</u>	<u>82,360</u>	<u>32,431</u>	<u>84,566</u>	<u>84,071</u>
Operating expenses paid	46,907	41,332	43,129	42,596	53,419
Commissions and premiums paid	1,680	2,090	3,270	(4,117)	3,939
Policyholders' dividends paid	863	2,401	1,264	1,633	1,279
Interest on corporate debt	2,526	2,437	2,388	2,344	2,460
Total disbursements	<u>118,393</u>	<u>130,620</u>	<u>82,482</u>	<u>127,022</u>	<u>145,168</u>
Net other	(629)	(1,459)	4,976	3,262	(559)
Net operating cash flows from continuing operations	22,132	(8,498)	60,092	(9,132)	(7,760)
Net operating cash flows from discontinued operations	(14,742)	(25,656)	(12,549)	(15,799)	-
Net operating cash flows	<u>\$ 7,390</u>	<u>\$ (34,154)</u>	<u>\$ 47,543</u>	<u>\$ (24,931)</u>	<u>\$ (7,760)</u>

## PMA Capital Corporation

Operating Cash Flows - PMA Insurance Group  
(Dollar Amounts in Thousands)

	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010
<b>Receipts:</b>					
Premiums collected	\$ 109,089	\$ 96,214	\$ 105,816	\$ 89,289	\$ 103,512
Investment income received	9,703	9,062	9,985	9,417	10,017
Total receipts	<u>118,792</u>	<u>105,276</u>	<u>115,801</u>	<u>98,706</u>	<u>113,529</u>
<b>Disbursements:</b>					
Losses and LAE paid:					
Losses and LAE paid - current year	5,265	18,874	25,500	35,347	6,556
Losses and LAE paid - prior years	61,152	63,486	6,931 <sup>1</sup>	49,219	77,515
Total losses and LAE paid	<u>66,417</u>	<u>82,360</u>	<u>32,431</u>	<u>84,566</u>	<u>84,071</u>
Operating expenses paid	30,060	27,192	24,079	27,792	32,676
Policyholders' dividends paid	863	2,401	1,264	1,633	1,279
Interest on corporate debt	194	144	139	126	122
Total disbursements	<u>97,534</u>	<u>112,097</u>	<u>57,913</u>	<u>114,117</u>	<u>118,148</u>
Net other	(1,205)	501	(3,712)	(11,932)	1,005
Net operating cash flows	<u>\$ 20,053</u>	<u>\$ (6,320)</u>	<u>\$ 54,176</u>	<u>\$ (27,343)</u>	<u>\$ (3,614)</u>

<sup>1</sup> Reduced by \$43.9 million received for a commutation with Houston Casualty Company.

**PMA Capital Corporation**  
Operating Cash Flows - Fee-based Business  
*(Dollar Amounts in Thousands)*

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010</b>
<b>Receipts:</b>					
Claims service, commissions and other revenues	\$ 22,276	\$ 18,203	\$ 21,658	\$ 15,909	\$ 24,398
Investment income received	86	102	139	13	40
Total receipts	<u>22,362</u>	<u>18,305</u>	<u>21,797</u>	<u>15,922</u>	<u>24,438</u>
<b>Disbursements:</b>					
Operating expenses paid	16,847	14,140	19,050	14,804	20,743
Commissions and premiums paid	1,680	2,090	3,270	(4,117)	3,939
Total disbursements	<u>18,527</u>	<u>16,230</u>	<u>22,320</u>	<u>10,687</u>	<u>24,682</u>
Net other	(242)	(3,644)	4,453	(2,690)	723
Net operating cash flows	<u>\$ 3,593</u>	<u>\$ (1,569)</u>	<u>\$ 3,930</u>	<u>\$ 2,545</u>	<u>\$ 479</u>

**PMA Capital Corporation**

Statutory Surplus

(Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010<sup>1</sup></b>
PMA Pool <sup>2</sup>	\$ 337,495	\$ 373,654 <sup>3</sup>	\$ 385,111	\$ 417,330 <sup>4</sup>	\$ 422,377
PMA Capital Insurance Company <sup>5</sup>	29,252	26,446	30,202	-	-

**PMA Capital Corporation**

Statutory Financial Information - PMA Pool<sup>2</sup>

(Dollar Amounts in Thousands)

	<b>1st Quarter 2009</b>	<b>2nd Quarter 2009</b>	<b>3rd Quarter 2009</b>	<b>4th Quarter 2009</b>	<b>1st Quarter 2010<sup>1</sup></b>
Net Premiums Written:					
Workers' Compensation	\$ 101,891	\$ 72,181	\$ 102,329	\$ 72,373	\$ 110,709
Other Commercial Lines	13,487	8,403	8,965	8,167	13,040
Total - PMA Pool	<u>\$ 115,378</u>	<u>\$ 80,584</u>	<u>\$ 111,294</u>	<u>\$ 80,540</u>	<u>\$ 123,749</u>
Statutory Ratios:					
Loss and LAE ratio	71.6%	51.8%	68.9%	72.8%	71.4%
Underwriting expense ratio	21.1%	30.7%	22.0%	31.3%	21.4%
Policyholders' dividend ratio	1.2%	1.2%	1.4%	1.5%	1.2%
Combined ratio	<u>93.9%</u>	<u>83.7%</u>	<u>92.3%</u>	<u>105.6%</u>	<u>94.0%</u>
Operating ratio	<u>85.8%</u>	<u>75.0%</u>	<u>83.5%</u>	<u>96.3%</u>	<u>85.0%</u>

<sup>1</sup> Estimated.

<sup>2</sup> The PMA Pool is comprised of Pennsylvania Manufacturers' Association Insurance Company, Manufacturers Alliance Insurance Company and Pennsylvania Manufacturers Indemnity Company.

<sup>3</sup> The increase in statutory surplus during the second quarter of 2009 related primarily to statutory net income, which included a benefit from the commutation of a reinsurance agreement with an affiliated entity.

<sup>4</sup> Includes impact of adoption of Statement of Statutory Accounting Principles No. 10R, "Income Taxes - Revised, A Temporary Replacement of SSAP No. 10."

<sup>5</sup> Sold December 24, 2009.

**PMA Capital Corporation**  
Industry Ratings and Market Information

**Transfer Agent and Registrar:**

American Stock Transfer & Trust Company  
Shareholder Relations  
59 Maiden Lane – Plaza Level  
New York, NY 10038  
www.amstock.com

*Phone Inquiries:*  
800.937.5449

*Email Inquiries:*  
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**Securities Listing:**

The Corporation's Class A Common Stock is listed on the NASDAQ Stock Market<sup>®</sup>. It trades under the stock symbol: PMACA.

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**Company Website:**  
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**Financial Strength Ratings (as of 4/28/2010):**

	<u>A.M. Best</u>	<u>Fitch</u>	<u>Moody's</u>
PMA Pool <sup>1</sup>	A- (4th of 16)	BBB+ (8th of 21)	Baa3 (10th of 21)

<sup>1</sup> The PMA Pool is comprised of Pennsylvania Manufacturers' Association Insurance Company, Manufacturers Alliance Insurance Company and Pennsylvania Manufacturers Indemnity Company.