

SELECTED FINANCIAL DATA

The following is selected financial data of RLI Corp. and Subsidiaries for the 11 years ended December 31, 2006.

(amounts in thousands, except per share data)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
OPERATING RESULTS											
Gross premiums written ⁽¹⁾	\$ 799,013	756,012	752,588	742,477	707,453	511,985	437,867	339,575	291,073	278,843	276,801
Consolidated revenue	\$ 632,708	569,302	578,800	519,886	382,153	309,354	263,496	225,756	168,114	169,424	155,354
Net earnings	\$ 134,639	107,134	73,036	71,291	35,852	31,047	28,693	31,451	28,239	30,171	25,696
Comprehensive earnings ⁽²⁾	\$ 156,999	83,902	81,354	97,693	13,673	11,373	42,042	20,880	51,758	66,415	41,970
Net cash provided from operating activities	\$ 171,775	198,027	188,962	191,019	161,971	77,874	53,118	58,361	23,578	35,022	48,947
FINANCIAL CONDITION											
Total investments	\$ 1,828,241	1,697,791	1,569,718	1,333,360	1,000,027	793,542	756,111	691,244	677,294	603,857	537,946
Total assets	\$ 2,771,296	2,735,870	2,468,775	2,134,364	1,719,327	1,390,970	1,281,323	1,170,363	1,012,685	911,741	845,474
Unpaid losses and settlement expenses	\$ 1,318,777	1,331,866	1,132,599	903,441	732,838	604,505	539,750	520,494	415,523	404,263	405,801
Total debt	\$ 100,000	115,541	146,839	147,560 ⁽⁷⁾	54,356	77,239	78,763	78,397	39,644	24,900	46,000
Total shareholders' equity	\$ 756,520	692,941	623,661	554,134	456,555 ⁽⁵⁾	335,432	326,654	293,069	293,959	266,552	200,039
Statutory surplus ⁽³⁾	\$ 746,905	690,547	605,967 ⁽⁷⁾	546,586 ⁽⁷⁾	401,269 ⁽⁵⁾	289,997	309,945	286,247	314,484	265,526	207,787
SHARE INFORMATION⁽³⁾											
Net earnings per share:											
Basic	\$ 5.40	4.21	2.90	2.84	1.80	1.58	1.46	1.55	1.34	1.45	1.30
Diluted	\$ 5.27	4.07	2.80	2.76	1.75	1.55	1.44	1.54	1.33	1.33	1.14
Comprehensive earnings per share: ⁽²⁾											
Basic	\$ 6.30	3.30	3.23	3.89	0.69	0.58	2.14	1.03	2.46	3.19	2.13
Diluted	\$ 6.14	3.19	3.12	3.78	0.67	0.57	2.11	1.02	2.43	2.88	1.81
Cash dividends declared per share	\$ 0.75	0.63	0.51	0.40	0.35	0.32	0.30	0.28	0.26	0.24	0.22
Book value per share	\$ 31.17	27.12	24.64	22.02	18.50 ⁽⁵⁾	16.92	16.66	14.84	14.22	12.35	10.23
Closing stock price	\$ 56.42	49.87	41.57	37.46	27.90	22.50	22.35	17.00	16.63	19.93	13.35
Stock split					200%				125%		
Weighted average shares outstanding: ⁽⁵⁾⁽⁶⁾											
Basic	24,918	25,459	25,223	25,120	19,937	19,630	19,634	20,248	21,028	20,804	19,742
Diluted	25,571	26,324	26,093	25,846	20,512	20,004	19,891	20,444	21,276	23,428	24,210
Common shares outstanding	24,273	25,551	25,316	25,165	24,681	19,826	19,608	19,746	20,670	21,586	19,554
OTHER NON-GAAP FINANCIAL INFORMATION⁽⁴⁾											
Net premiums written to statutory surplus ⁽³⁾	74%	72%	84%	87%	103%	109%	84%	79%	46%	54%	64%
GAAP combined ratio	84.1	86.0	92.2	92.0	95.6	97.2	94.8	91.2	88.2	86.8	87.4
Statutory combined ratio ⁽³⁾	84.0	86.7	93.8	93.1	92.4	95.8	95.8	90.1	88.4	90.4	89.1

⁽¹⁾ See page 2 for information regarding non-GAAP financial measures.

⁽²⁾ See note 1.M to the consolidated financial statements.

⁽³⁾ Ratios and surplus information are presented on a statutory basis. As discussed further in the MD&A and note 9, statutory accounting principles differ from GAAP and are generally based on a solvency concept. Reporting of statutory surplus is a required disclosure under GAAP.

⁽⁴⁾ On October 15, 2002, our stock split on a 2-for-1 basis. All share and per share data has been retro-actively stated to reflect this split.

⁽⁵⁾ On December 26, 2002, we closed an underwritten public offering of 4.8 million shares of common stock. This offering generated \$115.1 million in net proceeds. Of this, \$80.0 million was contributed to the insurance subsidiaries. Remaining funds were used to pay down lines of credit.

⁽⁶⁾ In July 1993, we issued \$46.0 million of convertible debentures. In July 1997, these securities were called for redemption. This conversion created an additional 4.4 million new shares of RLI common stock.

⁽⁷⁾ On December 12, 2003, we successfully completed a public debt offering, issuing \$100.0 million in Senior Notes maturing January 15, 2014. This offering generated proceeds, net of discount and commission, of \$98.9 million. Of the proceeds, capital contributions were made in 2003 and 2004 to our insurance subsidiaries to increase their statutory surplus in the amounts of \$50.0 million and \$15.0 million, respectively. Remaining funds were retained at the holding company.