

SELECTED FINANCIAL DATA

The following is selected financial data of RLI Corp. and Subsidiaries for the 11 years ended December 31, 2009.

(amounts in thousands, except per share data)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
OPERATING RESULTS											
Gross premiums written ⁽¹⁾	\$ 631,200	681,169	739,334	799,013	756,012	752,588	742,477	707,453	511,985	437,867	339,575
Consolidated revenue	\$ 546,552	561,012	652,345	632,708	569,302	578,800	519,886	382,153	309,354	263,496	225,756
Net earnings	\$ 93,845	78,676	175,867	134,639	107,134	73,036	71,291	35,852	31,047	28,693	31,451
Comprehensive earnings (loss) ⁽²⁾	\$ 156,126	(1,895)	166,423	156,999	83,902	81,354	97,693	13,673	11,373	42,042	20,880
Net cash provided from operating activities	\$ 127,759	161,334	127,023	171,775	198,027	188,962	191,019	161,971	77,874	53,118	58,361
FINANCIAL CONDITION											
Total investments	\$ 1,852,502	1,658,828	1,839,777	1,828,241	1,697,791	1,569,718	1,333,360	1,000,027	793,542	756,111	691,244
Total assets	\$ 2,538,653	2,419,401	2,626,523	2,771,296	2,735,870	2,468,775	2,134,364	1,719,327	1,390,970	1,281,323	1,170,363
Unpaid losses and settlement expenses	\$ 1,146,460	1,159,311	1,192,178	1,318,777	1,331,866	1,132,599	903,441	732,838	604,505	539,750	520,494
Total debt	\$ 100,000	100,000	127,975	100,000	115,541	146,839	147,560 ⁽⁶⁾	54,356	77,239	78,763	78,397
Total shareholders' equity	\$ 832,250	708,154	774,422	756,520	692,941	623,661	554,134	456,555 ⁽⁴⁾	335,432	326,654	293,069
Statutory surplus ⁽³⁾	\$ 784,161	678,041	752,004	746,905	690,547	605,967 ⁽⁶⁾	546,586 ⁽⁶⁾	401,269 ⁽⁴⁾	289,997	309,945	286,247
SHARE INFORMATION											
Net earnings per share:											
Basic	\$ 4.35	3.65	7.46	5.40	4.21	2.90	2.84	1.80	1.58	1.46	1.55
Diluted	\$ 4.32	3.60	7.30	5.27	4.07	2.80	2.76	1.75	1.55	1.44	1.54
Comprehensive earnings (loss) per share: ⁽²⁾											
Basic	\$ 7.24	(0.09)	7.06	6.30	3.30	3.23	3.89	0.69	0.58	2.14	1.03
Diluted	\$ 7.18	(0.09)	6.91	6.14	3.19	3.12	3.78	0.67	0.57	2.11	1.02
Cash dividends declared per share	\$ 1.08	0.99	0.87	0.75	0.63	0.51	0.40	0.35	0.32	0.30	0.28
Book value per share	\$ 39.14	32.98	34.95	31.17	27.12	24.64	22.02	18.50 ⁽⁴⁾	16.92	16.66	14.84
Closing stock price	\$ 53.25	61.16	56.79	56.42	49.87	41.57	37.46	27.90	22.50	22.35	17.00
Stock split								200% ⁽⁷⁾			
Weighted average shares outstanding: ⁽⁴⁾⁽⁷⁾											
Basic	21,562	21,540	23,574	24,918	25,459	25,223	25,120	19,937	19,630	19,634	20,248
Diluted	21,731	21,848	24,085	25,571	26,324	26,093	25,846	20,512	20,004	19,891	20,444
Common shares outstanding	21,265	21,474	22,155	24,273	25,551	25,316	25,165	24,681	19,826	19,608	19,746
OTHER NON-GAAP FINANCIAL INFORMATION⁽⁴⁾											
Net premiums written to statutory surplus ⁽³⁾	60%	76%	72%	74%	72%	84%	87%	103%	109%	84%	79%
GAAP combined ratio ⁽⁵⁾	82.3	84.2	71.4	84.1	86.0	92.2	92.0	95.6	97.2	94.8	91.2
Statutory combined ratio ^{(3) (5)}	83.9	85.7	73.3	84.0	86.7	93.8	93.1	92.4	95.8	95.8	90.1

⁽¹⁾ See page 7 for information regarding non-GAAP financial measures.

⁽²⁾ See note 1.Q 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 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.

⁽⁵⁾ The GAAP and statutory combined ratios are impacted by favorable development on prior accident years' loss reserves. See note 6 for further discussion.

⁽⁶⁾ 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.

⁽⁷⁾ On October 15, 2002, our stock split on a 2-for-1 basis. All share and per share data has been retroactively stated to reflect this split.