



Old Republic's Second Quarter Earnings Growth Driven by Strong Gains in General and Title Insurance

July 24, 2003

Financial Highlights
(unaudited; amounts in millions except share data and percentages; all per-share amounts are stated on a diluted basis)

	Quarters Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
Total Revenues	\$814.6	\$657.9	23.8%	\$1,553.7	\$1,297.0	19.8%
Net Operating Income (*)	\$113.2	\$104.6	8.3%	\$222.0	\$193.9	14.5%
Net Income (**)	\$121.5	\$107.5	13.1%	\$225.9	\$203.0	11.3%
Diluted Earnings Per Share:						
Net Operating Income (**)	\$0.93	\$0.86	8.1%	\$1.82	\$1.60	13.8%
Net Income (**)	\$1.00	\$0.88	13.6%	\$1.85	\$1.67	10.8%

CHICAGO, July 24 (PRNewswire-FirstCall) -- Old Republic International Corporation's (NYSE:OR), consolidated net operating income per share for this year's second quarter grew by 8.1 percent compared to the same period of 2002. For the first half of 2003, net operating earnings per share grew by 13.8 percent. Net earnings for the second quarter and first half of 2002 were affected positively by tax recoveries of \$10.9 million, or 9 cents per share, stemming from the favorable resolution of tax issues dating back to the Company's 1987 tax return. Absent this non-recurring credit for 2002, second quarter and first half 2003 net operating income per share would reflect growth rates of 20.8% and 20.5%, respectively. Expense recognition of stock options granted in 2003 reduced earnings per share by less than 1 cent per share in this year's second quarter and first half.

Net Income and Net Operating Income

Net income for the second quarter of 2003 totaled \$121.5 million, or \$1.00 per share, versus \$107.5 million, or 88 cents per share, for the year-to-date quarter. Net operating income, which excludes realized investment gains or losses, was \$113.2 million, or 93 cents per share, compared to \$104.6 million, or 86 cents per share in the same quarter of 2002.

For this year's first half, net income was \$225.9 million, or \$1.85 per share, versus \$203.0 million, or \$1.67 per share, for the first six months of 2002, while net operating income was \$222.0 million, or \$1.82 per share in 2003, compared to \$193.9 million, or \$1.60 per share in 2002.

(*) GAAP net income includes post-tax net realized gains and losses, whereas net operating income is exclusive of such items. Both figures are given to aid investor analysis of Company results and to highlight the impact of certain accounting rules or securities market-driven considerations that affect the recording of investment gains or losses and can contribute to earnings volatility and lessened period to period comparability. The realization of investment gains or losses can be highly discretionary or arbitrary due to such factors as the timing of individual securities sales, losses from write-downs of impaired securities, tax planning considerations, and investment management judgments relative to the direction of securities markets or the overall prospects of individual issues or industry sectors. The recognition of losses from write-downs of securities deemed other than temporarily impaired can be caused by a variety of factors, including adverse securities market trends and industry-wide or issuer-specific developments that can lead to a permanent loss of market value or non-recoverability of asset value. Pretax realized gains of \$12.7 million in the second quarter of 2003 and \$4.4 million in the same period of 2002 include write-downs of zero and \$6.2 million, respectively, of investment securities deemed to have become other than temporarily impaired at the end of each period. For the first half of the year, pretax net realized gains amounted to \$6.0 million in 2003 and \$14.1 million in 2002. Includes of securities impairment write-downs of \$4.5 million and \$19.3 million, respectively.

Consolidated Revenues

Consolidated operating revenues in this year's second quarter rose by 22.7 percent to \$814.6 million, from \$657.9 million in the same quarter of 2002. Net premiums and fees were \$717.2 million in the second quarter versus \$575.6 million in the year-to-date period, an increase of 24.6 percent. Consolidated net investment income was \$70.0 million for the second quarter of 2003, 3.4 percent higher when compared to the same period of the preceding year.

For the first half of 2003, consolidated operating revenues were \$1,553.7 million compared to \$1,297.0 million for the first six months of 2002. Net premiums and fees for the first six months of 2003 were \$1,381 million compared to \$1,112 million in the same year-to-date period. Consolidated net investment income for this year's first half was \$139.4 million, up by 3.4 percent.

While the Company's invested asset base has continued to grow as a result of stronger operating cash flows, the substantial downturn in interest rates in the past two years has precluded corresponding growth in investment income.

General Insurance Group

Old Republic's General Insurance Group, which underwrites mostly commercial property and liability insurance coverages, generated a 38.2 percent increase over 2002 in pretax operating income for this year's second quarter to \$62.4 million. Net premiums earned in the second quarter of 2003 rose by 18.4 percent to \$338.1 million, from \$286.3 million a year ago. The composite underwriting ratio for this year's second quarter dropped to 93.4 percent from 98.7 percent in the same quarter one year ago.

For the first six months of 2003, General Insurance pretax operating income increased 42.8 percent, totaling \$121.8 million compared to \$85.3 million for the first six months of 2002. Net premiums earned were \$655.0 million versus \$555.1 million a year ago, and the composite underwriting ratio was 94.0 percent versus 99.4 percent one year ago.

The improved underwriting performance in both periods of 2003 stemmed largely from a lower claims ratio, though a greater increase in premium revenues than production and operating expenses also led to a decline in the expense ratio.

Mortgage Guaranty Group

Comparative quarterly operating results of the Company's Mortgage Guaranty Group reflected a slight downturn. Pretax operating income in the second quarter declined to \$69.8 million from \$71.5 million in the year-to-date period. Net premiums earned in the quarter were \$98.7 million, up 8.4 percent from \$91.1 million in the year-to-date period. The composite underwriting ratio in the second quarter rose to 45.7 percent compared to 38.6 percent in the same quarter of 2002, due to higher claims costs.

For this year's first half, pretax mortgage guaranty operating income rose by 2.8 percent to \$145.8 million compared to \$141.9 million in the first six months of 2002. Net premiums earned totaled \$198.8 million, an increase of 8.8 percent from \$182.7 million earned in the first half of 2002. The composite underwriting ratio was 43.1 percent compared to 40.3 percent one year earlier. This year's higher underwriting ratio stemmed from higher claim provisions and benefited from a lower production and operating expense component.

Title Insurance Group

Old Republic's Title Insurance Group continued to post higher than expected pretax operating income. In the second quarter of 2003, pretax operating income jumped 70.5 percent to \$36.4 million. Premium and fee revenues rose by 41.9 percent to \$267.2 million in this year's second quarter, while operating expenses reflected a much lower increase of 35.7 percent. The claims ratio was moderately higher quarter over quarter as was the case in this year's first three months, while the expense ratio continued to trend down due to a proportionately greater increase in this segment's operating revenues. The composite ratio in the second quarter was 85.6 percent compared with 91.5 percent in the second quarter of 2002.

For the first half of the year, premium and fee revenues grew by 37.3 percent to \$500.8 million compared to \$368.4 million in 2002. First half pretax operating income was \$62.2 million, up 49.9 percent from \$41.5 million in the same period last year. A composite ratio of 90.0 percent was posted for this year's first half versus 91.5 percent in the same period of 2002.

Life and Health Group

Old Republic's life and health insurance operations, which account for approximately two percent of consolidated revenues, benefited mostly from lower term life claims experience in the second quarter and first six months of this year. Premium revenues were up in both periods of 2003 primarily due to higher sales of travel related products.

Cash, Invested Assets and Shareholders' Equity

Cash and invested assets at June 30, 2003, totaled \$6.65 billion, or \$55.10 per share, versus \$6.16 billion, or \$51.15 per share, at December 31, 2002, and \$5.77 billion, or \$47.92 per share, at June 30, 2002. Consolidated operating cash flow was positive at \$136.6 million in the latest quarter and \$332.0 million for the first half of 2003, compared to \$100.0 million and \$249.7 million in the respective periods of 2002.

Effective January 1, 2003, the Corporation elected to reclassify fixed maturity securities formerly categorized as held to maturity to the available for sale classification. The securities involved are primarily utility and tax-exempt bonds that account for approximately 32 percent of Old Republic's investment portfolio. The decision was prompted by restrictive accounting rules applicable to held to maturity investment securities. The necessary mechanical application of these rules can inhibit the Corporation's ability to optimally manage its investments from a practical business point of view. As of June 30, 2003, the net impact of this reclassification on the Corporation's balance sheet is to increase the carrying value of invested assets by \$130.4 million, deferred tax liabilities by \$45.6 million, and shareholders' equity by \$84.8 million, or approximately 70 cents per share. This change has no income statement impact, no effect on Old Republic's ability to hold individual securities to maturity as it may deem appropriate, and does not affect the Corporation's necessary long-term orientation in the management of its business. Going forward, Old Republic's shareholders' equity account could, as a result, reflect somewhat greater period-to-period volatility as the entire bond, note and stock investment portfolio will now be marked to market on a quarterly basis.

The investment portfolio reflects a current allocation of approximately 84 percent in fixed-income investments and 16 percent in equities. It contains little or no exposure to real estate investments, mortgage-backed securities, derivatives, junk bonds, private placements or mortgage loans.

Common shareholders' equity was \$3.49 billion at June 30, 2003, versus \$3.15 billion at December 31, 2002, and \$2.97 billion at June 30, 2002. Book value per share was \$28.97 at the end of this year's second quarter, versus \$26.17 at year-end 2002, and \$24.70 at June 30, 2002.

Conference Call Information

Old Republic has scheduled a conference call at 2:00 p.m. Central Time today to discuss its second quarter 2003 performance and review ongoing trends. To access this call, log on to www.oldrepublic.com 15 minutes before the call to download the necessary software. Replays will be available through this website for 30 days.

About Old Republic

Chicago-based Old Republic International Corporation is an insurance holding company whose subsidiaries market, underwrite and provide risk management services for a wide variety of coverages in the property and liability, mortgage guaranty, title and life and health insurance fields. One of the nation's 50 largest publicly owned insurance organizations, Old Republic has assets of approximately \$9.36 billion and shareholders' equity of nearly \$3.5 billion. Its current stock market valuation is approximately \$4.11 billion.

Safe Harbor Statement

Historical data pertaining to the operating performance, liquidity, and other financial matters applicable to an insurance enterprise such as Old Republic are not necessarily indicative of results to be achieved in succeeding years. In addition to the factors cited below, the long-term nature of the insurance business, seasonal and annual patterns in premium production and incidence of claims, changes in yields obtained on invested assets, changes in government policies and free markets affecting inflation rates and general economic conditions, and changes in legal precedents or the application of law affecting the settlement of disputed claims can have a bearing on period-to-period comparisons and future operating results.

Some of the statements made in this News Release and Company published reports, as well as oral statements or commentaries made by the Company's officials in conference calls following earnings releases, can constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Any forward-looking statements, commentaries, or inferences therefrom involve, of necessity, assumptions, uncertainties, and risks that may affect the Company's future performance. With regard to Old Republic's General Insurance segment, its results can be affected in particular by the level of market competition, which is typically a function of available capital and expected returns on such capital among competitors, the levels of interest and inflation rates, and periodic changes in claim frequency and severity patterns caused by natural disasters, weather conditions, accidents, illnesses, work-related injuries, and unanticipated external events. Mortgage Guaranty and Title Insurance results can be affected by similar factors and most particularly by changes in national and regional housing demand and values, the availability and cost of mortgage loans, employment trends, and default rates on mortgage loans; mortgage guaranty results may also be cost, as well as interest income on temporary holdings of short-term investments. Life and disability insurance results can be affected by the levels of employment and consumer spending, as well as mortality and health trends. At the parent company level, operating earnings or losses are generally reflective of the amount of debt outstanding and its cost.

Any forward-looking statements or commentaries speak only as of their dates. Old Republic undertakes no obligation to publicly update or revise all such comments, whether as a result of new information, future events or otherwise, and accordingly they may not be unduly relied upon.

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FINANCIAL HIGHLIGHTS

	Quarters Ended June 30,			%
	2003	2002	Change	
NET INCOME:				
Total	\$121,573,068	\$107,517,861	13.1%	
Per Share: Basic	\$1.01	\$0.89	13.5%	
Diluted	\$1.00	\$0.88	13.6%	

	Average number of common and equivalent shares outstanding		
	Basic	Diluted	%
Basic	120,806,189	120,456,722	
Diluted	121,951,315	121,727,917	

	COMPOSITION OF EARNINGS PER SHARE:		
	Basic Earnings:		%
Net income, before items below	\$0.94	\$0.87	8.0%
Realized investment gains	0.07	0.02	0.02
Net income	\$1.01	\$0.89	13.5%
Diluted Earnings:			
Net income, before items below	\$0.93	\$0.86	8.1%
Realized investment gains	0.07	0.02	0.02
Net income	\$1.00	\$0.88	13.6%

	BOOK VALUE PER SHARE (End of periods)(a):		
	As Reported	Cost Basis	%
Operating Revenues:			
General	\$388.3	\$335.1	15.9%
Mortgage Guaranty	273.2	212.2	21.0%
Title	273.2	194.0	40.8%
Life & Health	13.8	11.4	20.8%
Other	1.5	0.6	
Consolidated Operating Revenues	801.9	653.5	22.7%
Realized Investment Gains	12.7	4.4	
Total Revenues	\$814.6	\$657.9	23.8%

	COMPOSITION OF EARNINGS PER SHARE:		
	Basic Earnings:		%
Net income, before items below	\$1.84	\$1.61	14.3%
Realized investment gains	0.03	0.08	0.08

(a) "As Reported" in financial statements with all securities carried at market value at June 30, 2003, and partially so at June 30, 2002. "Cost Basis" calculation includes all investment securities at their currently amortized original cost.

	Six Months Ended June 30,			%
	2003	2002	Change	
NET INCOME:				
Total	\$225,958,686	\$203,072,681	11.3%	
Per Share: Basic	\$1.87	\$1.69	10.7%	
Diluted	\$1.85	\$1.67	10.8%	

	Average number of common and equivalent shares outstanding		
	Basic	Diluted	%
Basic	120,805,205	120,431,510	
Diluted	121,693,477	121,557,450	

	COMPOSITION OF EARNINGS PER SHARE:		
	Basic Earnings:		%
Net income, before items below	\$1.84	\$1.61	14.3%
Realized investment gains	0.03	0.08	0.08

Net income	\$1.87	\$1.69	10.7%
Diluted Earnings:			
Net income, before items below	\$1.82	\$1.60	13.8%
Realized investment gains	0.03	0.07	
Net income	\$1.85	\$1.67	10.8%
BOOK VALUE PER SHARE (End of periods)(a):			
As Reported	\$28.97	\$24.70	17.3%
Cost Basis	\$26.79	\$23.92	12.0%
FINANCIAL SUMMARY (\$ in Millions) :			
Operating Revenues:			
General	\$750.1	\$651.5	15.1%
Mortgage Guaranty	249.3	225.6	10.5%
Title	512.8	376.3	36.1%
Life & Health	31.5	28.0	12.5%
Other	3.7	1.2	
Consolidated Operating Revenues	1,547.7	1,282.8	20.6%
Realized Investment Gains	6.0	14.1	
Total Revenues	\$1,553.7	\$1,297.0	19.8%
Pretax Operating Income (Loss):			
General	\$121.8	\$85.3	42.8%
Mortgage Guaranty	145.8	141.9	2.8%
Title	62.2	41.5	49.8%
Life & Health	3.2	3.3	-3.8%
Other	(5.7)	(4.3)	
Total	327.4	267.7	22.3%
Realized Investment Gains	6.0	14.1	
Revenues, Net of Expenses	333.4	281.9	18.3%
Income Taxes	107.3	78.7	36.2%
Net Income	\$225.9	\$203.0	11.3%

(a) "As Reported" in financial statements with all securities carried at market value at June 30, 2003, and partially so at June 30, 2002. "Cost Basis" calculation includes all investment securities at their currently amortized original cost.

Old Republic International Corporation
SEGMENTED SUMMARY INFORMATION
(\$ in Millions)

Segment	Net				
	Premiums & Fees Earned	Net Investment Income	Other Income	Operating Revenues	Benefits & Claims
Quarter Ended June 30, 2003					
General	\$339.1	\$44.2	\$4.9	\$389.3	\$234.8
Mortgage	98.7	16.3	9.4	124.5	19.7
Title	267.2	5.8	0.1	273.2	14.9
Life	12.0	1.6	---	13.8	4.8
Other	---	1.9	---	1.9	---
Consolidated	\$717.2	\$70.0	\$14.6	\$801.9	\$274.3
Quarter Ended June 30, 2002					
General	\$286.3	\$43.4	\$5.2	\$335.1	\$205.0
Mortgage	91.1	16.5	4.5	112.2	10.6
Title	188.3	5.6	0.1	194.0	9.1
Life	9.8	1.5	---	11.4	5.4
Other	---	0.6	---	0.6	---
Consolidated	\$575.6	\$67.7	\$10.0	\$653.5	\$230.3
Six Months Ended June 30, 2003					
General	\$653.0	\$87.9	\$9.2	\$750.1	\$448.3
Mortgage	198.8	32.8	17.7	249.3	35.0
Title	505.8	11.6	0.2	517.6	27.8
Life	28.1	3.3	0.1	31.5	12.7
Other	---	3.7	---	3.7	---
Consolidated	\$1,380.8	\$139.4	\$27.4	\$1,547.7	\$523.9
Six Months Ended June 30, 2002					
General	\$555.1	\$86.2	\$10.2	\$651.5	\$402.2
Mortgage	182.7	32.8	10.0	225.6	22.0
Title	364.8	11.3	0.3	376.3	17.4
Life	24.6	3.2	0.1	28.0	13.5
Other	---	1.2	---	1.2	---
Consolidated	\$1,127.3	\$134.8	\$20.6	\$1,282.8	\$455.2

Fiscal Year Ended June 30, 2003					
General	\$1,282.0	\$174.2	\$18.9	\$1,475.2	\$898.2
Mortgage	392.3	65.7	32.6	490.6	65.9
Title	849.4	23.0	0.5	873.0	\$1.1
Life	53.5	6.7	0.2	60.5	28.2
Other	---	7.5	---	7.5	---
Consolidated	\$2,677.4	\$277.3	\$52.5	\$3,007.3	\$1,043.5

Fiscal Year Ended June 30, 2002					
General	\$1,078.9	\$172.8	\$19.6	\$1,271.4	\$796.3
Mortgage	360.9	65.0	21.5	447.5	48.4
Title	708.1	22.6	0.7	731.4	21.4
Life	50.1	6.9	0.1	57.2	29.6
Other	---	5.0	---	5.0	---
Consolidated	\$2,198.1	\$272.5	\$42.1	\$2,512.8	\$905.9

Old Republic International Corporation
SEGMENTED SUMMARY INFORMATION
(\$ in Millions)

Segment	Pretax Operating Composite			
	Sales & Other Expenses	Net Investment Expenses	Total Income (Loss)	Underwriting Ratios
Quarter Ended June 30, 2003				
General	\$91.0	\$325.9	\$62.4	93.4%
Mortgage	34.8	54.6	69.8	45.7%
Title	221.8	236.7	36.4	88.6%
Life	7.0	11.8	1.9	97.5%
Other	5.6	5.6	(9.8)	---
Consolidated	\$360.7	\$635.0	\$166.8	85.7%
Quarter Ended June 30, 2002				
General	\$84.9	\$290.0	\$45.1	98.7%
Mortgage	30.0	40.7	71.5	39.6%
Title	149.5	172.6	21.3	91.5%
Life	4.2	9.6	1.7	97.9%
Other	3.0	3.0	(2.4)	---
Consolidated	\$288.8	\$556.1	\$137.3	87.2%
Six Months Ended June 30, 2003				
General	\$179.9	\$628.2	\$121.8	94.0%
Mortgage	68.4	103.5	145.8	43.1%
Title	422.7	450.6	62.2	90.0%
Life	15.6	28.3	3.2	100.2%
Other	9.5	9.5	(8.7)	---
Consolidated	\$696.3	\$1,220.3	\$327.4	85.6%
Six Months Ended June 30, 2002				
General	\$164.0	\$566.2	\$85.3	99.4%
Mortgage	61.7	83.7	141.9	40.3%
Title	317.3	334.8	41.5	91.5%
Life	11.1	24.6	3.3	99.7%
Other	5.5	5.5	(4.3)	---
Consolidated	\$559.8	\$1,015.0	\$267.7	87.5%
Fiscal Year Ended June 30, 2003				
General	\$358.2	\$1,256.5	\$218.7	95.9%
Mortgage	153.2	219.1	271.6	47.5%
Title	803.4	854.5	138.5	90.0%
Life	25.9	54.2	6.3	100.8%
Other	16.2	16.2	(8.6)	---
Consolidated	\$1,357.1	\$2,400.7	\$606.6	87.1%
Fiscal Year Ended June 30, 2002				
General	\$319.9	\$1,116.3	\$155.1	100.5%
Mortgage	122.5	170.9	276.4	41.4%
Title	615.2	646.7	84.6	90.9%
Life	22.0	51.7	5.5	102.5%
Other	11.9	11.9	(6.8)	---
Consolidated	\$1,091.7	\$1,997.6	\$515.2	88.0%

Old Republic International Corporation
OPERATING STRATIFICS
(\$ in Millions)

	Quarters Ended		Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
General Insurance Group:				
Benefits and claims ratio	69.2%	72.2%	69.1%	73.3%
Expense ratio	24.2%	28.5%	24.9%	26.1%
Composite ratio	93.4%	98.7%	94.0%	99.4%
Paid loss ratio	53.2%	67.1%	54.0%	65.9%
Mortgage Guaranty Group:				
New insurance written:				
Traditional Primary	\$9,567.0	\$7,277.7	\$18,882.2	\$14,274.4
Bulk	1,381.8	1,232.1	3,103.8	2,509.9
Other	2,214.7	4,080.0	3,396.2	4,267.0
Total	\$13,164.3	\$12,589.8	\$24,882.2	\$21,051.3
Net risk in force:				
Traditional Primary		\$15,092.1	\$15,151.1	
Bulk		651.9	351.2	
Other		479.1	403.0	
Total		\$16,223.1	\$15,905.3	

Direct earned premiums	\$115.8	\$104.1	\$231.1	\$207.8
Net earned premiums	\$98.7	\$91.1	\$198.8	\$182.7
Persistency: Traditional Primary			48.7%	62.5%
Delinquency ratio:				
Traditional Primary			3.5%	2.7%
Bulk			4.3%	2.1%
Claims ratio	20.0%	11.6%	17.6%	12.1%
Expense ratio	25.7%	28.0%	25.5%	28.2%
Composite ratio	45.7%	39.6%	43.1%	40.3%
Paid loss ratio	20.5%	16.3%	18.5%	15.2%
Title Insurance Group:				
Direct orders opened	161,119	93,828	302,474	186,244
Direct orders closed	122,071	77,770	230,801	163,344
Claims ratio	5.6%	4.9%	5.6%	4.8%
Expense ratio	83.0%	86.6%	84.4%	86.7%
Composite ratio	88.6%	91.5%	90.0%	91.5%
Paid loss ratio	2.8%	3.0%	2.6%	3.8%

SOURCE Old Republic International Corporation

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