



**Old Republic Reports Continued Growth in Operating Earnings For 2001 Fourth Quarter and Year**

January 29, 2002  
 CHICAGO, Jan 29, 2002 (PRNewswire-FirstCall via COMTEX) --

**Financial Highlights (unaudited): amounts in millions except per-share data and percentages; all per-share amounts are stated on a diluted basis) Quarters Ended Dec. 31, Years Ended Dec. 31, 2001 2000 Change 2001 2000 Change Total Revenues \$637.0 \$597.4 14.3 % \$2,373.4 \$2,070.6 14.6 % Net Operating Income \$ 85.3 \$ 76.0 12.3 % \$ 330.7 \$ 275.6 20.0 % Net Income \$ 88.9 \$ 92.7 -4.0 % \$ 346.9 \$ 297.5 16.8 % Diluted Earnings Per Share: Net Operating Income \$ 0.74 \$ 0.69 7.2 % \$ 2.79 \$ 2.29 21.1 % Net Income \$ 0.76 \$ 0.77 -1.3 % \$ 2.88 \$ 2.47 16.6 %**

Old Republic International Corporation (NYSE: ORI), reported today that its consolidated operating earnings for the quarter and year ended December 31, 2001, reflected strong contributions by its three largest segments. In the final quarter of the year most of the earnings progress stemmed from Old Republic's Title Insurance business, while overall earnings growth for 2001 was fueled by the combined strength of its Title, General, and Mortgage Guaranty segments. "As has been the case for many years, consolidated results for 2001 underlined the benefits of balanced diversification of the Company's insurance and related service offerings," said A. C. Zucaro, Old Republic's chief executive officer.

**Net Operating Income and Net Income**

Fourth quarter 2001 net operating income, which excludes realized investment gains and losses, was \$85.3 million, or 71 cents per share, versus \$76.0 million, or 63 cents per share in the year-ago period. Full year net operating income was \$330.7 million, or \$2.75 per share in 2001, compared to \$275.6 million, or \$2.29 per share in 2000. All of the growth in 2001 net operating income stemmed from improved underwriting and service income in Old Republic's three largest segments as the benefits of a greater invested asset base on net investment income were negated by a decline in fixed maturity security yields throughout the year.

Net income for the fourth quarter of 2001 totaled \$88.9 million, or 74 cents per share, versus \$92.7 million, or 77 cents per share, for the year ago-quarter. Net income was \$346.9 million for all of 2001, or \$2.88 per share, versus \$297.5 million, or \$2.47 per share, for 2000. While improved underwriting results benefited net operating earnings, lower net gains from largely discretionary and market driven disposals or valuations of equity and fixed maturity security holdings restrained net income growth rates in both the final quarter and full year 2001.

**Consolidated Revenues**

Consolidated operating revenues in the fourth quarter of 2001 grew by 18.1 percent to \$637.0 million from \$531.8 million in the same quarter of 2000. Net premiums and fees amounted to \$546.2 million in 2001's final quarter versus \$453.0 million in the same year-ago period. Consolidated net investment income of \$69.8 million for the fourth quarter of 2001 was basically flat with the same period of 2000.

For all of 2001, consolidated operating revenues rose by 15.1 percent to \$2.34 billion when compared to the \$2.03 billion registered in the preceding year. Net premiums and fees for 2001 rose to \$2.02 billion, up 16.9 percent when compared to \$1.73 billion posted in 2000. Consolidated net investment income for 2001 was \$274.7 million, level with the amount earned in the preceding year.

**General Insurance Group**

Old Republic's property and liability insurance business, representing approximately one-half of total revenues, registered much improved underwriting performance for 2001 as a whole. Net premiums earned in the fourth quarter of 2001 rose by 17.9 percent to \$266.0 million when compared to \$225.7 million for the preceding year. Greater weather- and severity-related claim provisions in the Company's small Canadian truck insurance line in particular led to an increase in the claim ratio for the final quarter of the year, however. The statutory composite underwriting ratio for the year's final quarter was 103.4 percent versus 102.6 percent in the same quarter of 2000, and 101.5 percent for the first nine months of 2001.

For all of 2001, general insurance pretax operating income increased by 21.0 percent to \$141.4 million when compared to the \$116.9 million posted in 2000. For the first time, net premiums earned crossed the billion-dollar mark growing by 16.5 percent from \$857.8 million in the preceding year. The statutory composite underwriting ratio declined by 4.0 percentage points to 102.0 percent in 2001 from 106.0 percent in 2000.

"The Company's greatly improved General Insurance underwriting results for 2001 are very much in line with the expectations we had at the beginning of the year. For the foreseeable future, we believe that ongoing pricing corrections and the application of more stringent underwriting standards should continue to be a positive influence on this segment's operating results. We are well capitalized to finance continued growth as we work to expand our share of the markets in which we operate," said Zucaro.

**Mortgage Guaranty Group**

Old Republic's Mortgage Guaranty Group once again reported greater income from underwriting and related services for both the quarter and year ended December 31, 2001. Pretax mortgage guaranty operating income was \$68.8 million in the final quarter of 2001, versus \$63.5 million in the same period one year ago, an increase of 8.3 percent. Net premiums earned in the latest quarter were \$91.1 million, up 5.6 percent from \$86.3 million in the year-ago quarter. The composite underwriting ratio in the fourth quarter was 42.1 percent compared to 45.2 percent in the same quarter of 2000.

For all of 2001, pretax mortgage guaranty operating income totaled \$261.9 million versus \$240.1 million in 2000, an increase of 9.1 percent. Net premiums earned totaled \$353.1 million, an increase of 6.5 percent from \$331.4 million earned in all of 2000. The composite underwriting ratio dropped to 43.6 percent in 2001, compared to 44.6 percent a year earlier.

The very positive performance turned in by Old Republic's Mortgage Guaranty segment was mostly the result of record-high new insurance written, lower than expected claim costs, and a moderately lower expense ratio.

**Title Insurance Group**

Pretax operating income of Old Republic's Title Insurance segment more than doubled to \$21.8 million in the fourth quarter of 2001 from \$9.8 million earned in the same period of 2000. Net premiums and fees rose by 37.6 percent to \$176.7 million in 2001's fourth quarter, and for the entire year they were up by 26.6 percent. Pretax operating income surged by 85.2 percent to \$74.6 million in calendar year 2001 from \$40.3 million in 2000.

Throughout 2001, Title Insurance results were enhanced by strong revenue growth driven by a boom in refinancing activity, a strong market for new home purchases, and the continuation of favorable claim experience.

**Life and Health Group**

Old Republic's smallest segment, focused on a limited number of life and health insurance offerings, posted basically level earned premiums in the year and final quarter of 2001. Lower pretax operating income resulted from a somewhat higher benefit and claims provision in 2001's fourth quarter, and a drop in investment income caused by the aforementioned down trend in fixed income security yields on a slightly lower invested asset base.

**Cash, Invested Assets and Shareholders' Equity**

Cash and invested assets at December 31, 2001, totaled \$5.58 billion, or \$46.96 per share, versus \$5.14 billion, or \$43.50 per share, at December 31, 2000. Consolidated operating cash flow was positive at approximately \$132.0 million in the latest quarter, and reached a new record of \$526.7 million for 2001 as a whole. Comparable figures for the fourth quarter and full year 2000 were \$136.5 million and \$344.1 million, respectively. The increase in operating cash flow for 2001 was mostly the result of greater contributions by the Company's three largest operating segments.

The invested asset base rose by 8.6 percent to \$5.47 billion at year-end 2001 due to the above noted benefit of growing operating cash flow. The investment portfolio reflects a current allocation of approximately 86 percent in fixed-income investments and 7 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 \$2.78 billion at December 31, 2001, versus \$2.43 billion at December 31, 2000. Book value per share was \$23.40 at year-end 2001 versus \$20.62 at year-end 2000, an increase of 13.5 percent.

**Conference Call Information**

Old Republic has scheduled a conference call at 2:00 p.m. Central Time today to discuss its fourth quarter 2001 performance and review ongoing trends. To access this call, log on to [www.oldrepublic.com](http://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, life and life and health insurance fields. One of the nation's 50 largest publicly owned insurance organizations, Old Republic has assets of approximately \$7.92 billion and capitalization of \$2.94 billion. Its current stock market valuation is approximately \$3.33 billion.

**Sale Harbor Statement**

Some of the statements made in this News Release and Company published reports, as well as oral statements 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. Such forward-looking statements involve known and unknown risks, estimates subject to changes in circumstances, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things, changes in: (i) general economic and business conditions; (ii) interest rate changes; (iii) the regulatory environment in which the Company operates; (iv) claims frequency and/or severity trends; (v) the number of new and renewal policy applications submitted by the Company's agents or produced directly by the Company's sales staff; and (vi) other factors noted from time to time in the Company's published reports and filings with the Securities and Exchange Commission.

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**Old Republic International Corporation  
 FINANCIAL HIGHLIGHTS**

	Quarters Ended		
	December 31,		
	2001	2000	% Change
<b>NET INCOME:</b>			
Total	\$88,991,670	\$92,707,468	-4.0%
Per Share: Basic (a)	\$0.75	\$0.78	-3.8%
Diluted	\$0.74	\$0.77	-3.9%
<b>Average number of common and equivalent shares outstanding</b>			
Basic	118,972,430	118,248,795	
Diluted	120,265,463	119,901,276	
<b>COMPOSITION OF EARNINGS PER SHARE:</b>			
<b>Basic Earnings:</b>			
Net income, before items below	\$0.72	\$0.64	12.5%
Realized investment gains	0.03	0.14	-3.8%
Net income	\$0.75	\$0.78	-3.8%
<b>Diluted Earnings:</b>			
Net income, before items below	\$0.71	\$0.63	12.7%
Realized investment gains	0.03	0.14	-3.9%
Net income	\$0.74	\$0.77	-3.9%
<b>SEGMENT INFORMATION (\$ in Millions):</b>			
<b>Operating Revenues:</b>			
General	\$314.1	\$276.9	13.4%
Mortgage Guaranty	113.9	104.9	8.7%
Title	182.6	134.5	35.7%
Life & Health	14.0	14.7	-4.9%
Other	3.2	0.7	
Consolidated Operating Revenues	627.9	531.8	18.1%
Realized Investment Gains	9.1	25.6	-64.4%
Total Revenues	\$637.0	\$597.4	14.3%
<b>Pre-Tax Operating Income (Loss):</b>			
General	\$33.7	\$36.6	-7.9%
Mortgage Guaranty	68.8	63.5	8.3%
Title	21.8	9.8	122.1%
Life & Health	0.9	1.6	-45.3%
Other	---	(2.2)	
Total	125.3	108.4	14.6%
Realized Investment Gains	9.1	25.6	-64.4%
Revenues, Net of Expenses	134.4	135.0	-0.5%
Income Taxes	45.7	42.8	6.9%
Net Income	\$88.9	\$92.7	-4.0%
<b>Underwriting Ratios:</b>			
General (Statutory)	103.4%	102.6%	
Mortgage Guaranty (GAAP)	42.1%	45.2%	
Title (GAAP)	91.0%	97.1%	

**Old Republic International Corporation  
 FINANCIAL HIGHLIGHTS**

	Years Ended		
	December 31,		
	2001	2000	% Change
<b>NET INCOME:</b>			
Total	\$346,971,971	\$297,587,778	16.6%
Per Share: Basic (a)	\$2.92	\$2.49	17.3%
Diluted	\$2.88	\$2.47	16.6%
<b>Average number of common and equivalent shares outstanding</b>			
Basic	118,957,511	119,318,408	
Diluted	120,327,906	120,197,044	
<b>COMPOSITION OF EARNINGS PER SHARE:</b>			
<b>Basic Earnings:</b>			
Net income, before items below	\$2.78	\$2.31	20.3%
Realized investment gains	0.14	0.18	-21.1%
Net income	\$2.92	\$2.49	17.3%
<b>Diluted Earnings:</b>			
Net income, before items below	\$2.76	\$2.29	20.1%
Realized investment gains	0.12	0.18	-33.3%
Net income	\$2.88	\$2.47	16.6%
<b>BOOK VALUE PER SHARE (End of period)(b):</b>			
As Reported	\$23.40	\$20.62	13.5%
Amortized Cost Basis of Fixed Maturity Securities	\$22.99	\$20.55	11.9%
<b>SEGMENT INFORMATION (\$ in Millions) :</b>			
<b>Operating Revenues:</b>			
General	\$1,195.0	\$1,057.1	13.0%
Mortgage Guaranty	436.0	398.3	10.3%
Title	648.9	518.7	25.1%
Life & Health	58.4	62.0	-5.9%
Other	5.2	3.6	
Consolidated Operating Revenues	2,343.7	2,036.9	15.1%

Realized Investment Gains	29.7	33.6	-11.8%
Total Revenues	\$2,373.4	\$2,070.6	14.6%
Pre-Tax Operating Income (Loss):			
General	\$141.4	\$116.9	21.0%
Mortgage Guaranty	261.9	240.1	9.1%
Title	74.6	40.3	85.2%
Life & Health	4.9	5.3	-7.2%
Other	(8.8)	(10.0)	
Total	474.2	392.7	20.8%
Realized Investment Gains	29.7	33.6	-11.8%
Revenues, Net of Expenses	503.9	426.4	18.2%
Income Taxes	159.7	131.0	21.8%
Net Income	\$344.9	\$297.5	16.6%
Underwriting Ratios:			
General (Statutory)	102.0%	106.0%	
Mortgage Guaranty (MGAP)	43.6%	44.6%	
Title (MGAP)	91.8%	96.3%	

(a) Basic earnings per share are calculated after deduction of applicable preferred dividend requirements of \$7,287 and \$36,831 for the quarter and year ended December 31, 2001, respectively, and \$31,943 and \$120,189 for the quarter and year ended December 31, 2000, respectively.

(b) "As Reported" in financial statements with certain fixed maturity securities carried at market value; the "Amortized Cost" book value calculation includes all such securities at their currently amortized original cost.

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

Segment	Net Premiums & Fees Written	Net Earned	Net Investment Income
Quarter Ended December 31, 2001			
General	\$267.2	\$266.0	\$42.7
Mortgage	83.3	81.1	16.2
Title	176.7	176.7	5.6
Life	13.7	12.2	1.7
Other	---	---	3.2
Total	\$551.0	\$546.2	\$69.6
Quarter Ended December 31, 2000			
General	\$231.1	\$225.7	\$45.2
Mortgage	89.7	86.3	16.3
Title	128.4	128.4	6.0
Life	13.6	12.5	2.1
Other	---	---	1.0
Total	\$463.0	\$453.0	\$70.9
Year Ended December 31, 2001			
General	\$1,078.5	\$1,000.2	\$175.7
Mortgage	354.1	325.1	63.3
Title	625.3	625.3	22.7
Life	46.4	50.6	7.6
Other	---	---	5.2
Total	\$2,104.5	\$2,029.5	\$274.7
Year Ended December 31, 2000			
General	\$885.0	\$857.8	\$179.8
Mortgage	335.4	331.4	56.8
Title	494.0	494.0	24.0
Life	45.3	53.4	8.5
Other	---	---	4.7
Total	\$1,760.0	\$1,736.8	\$273.9

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

Segment	Other Income	Operating Revenues	Benefits & Claims
Quarter Ended December 31, 2001			
General	\$5.2	\$314.1	\$201.1
Mortgage	6.5	113.9	12.8
Title	0.2	102.6	7.0
Life	---	14.0	7.4
Other	---	3.2	---
Total	\$12.0	\$627.9	\$228.5
Quarter Ended December 31, 2000			
General	\$5.9	\$276.9	\$170.2
Mortgage	2.1	104.8	12.9
Title	---	136.5	4.8
Life	---	14.7	7.2
Other	(0.3)	0.7	---
Total	\$7.8	\$533.8	\$195.2
Year Ended December 31, 2001			
General	\$18.9	\$1,195.0	\$748.0
Mortgage	19.4	436.0	57.0
Title	0.8	648.9	25.1
Life	0.1	98.4	30.2
Other	---	5.2	---
Total	\$39.4	\$2,343.7	\$860.5
Year Ended December 31, 2000			
General	\$19.4	\$1,057.1	\$665.0
Mortgage	7.0	395.3	49.6
Title	0.6	518.7	17.5
Life	---	62.0	29.5
Other	(1.0)	3.6	(0.5)
Total	\$26.1	\$2,036.9	\$761.2

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

Segment	Other Expenses	Total Operating Expenses	Pre-Tax Operating Income (Loss)
Quarter Ended December 31, 2001			
General	\$79.2	\$280.3	\$33.7
Mortgage	32.2	45.1	68.8
Title	152.7	160.7	21.8
Life	5.6	13.1	0.9
Other	3.2	3.2	---
Total	\$274.0	\$502.6	\$126.3
Quarter Ended December 31, 2000			
General	\$70.1	\$240.3	\$36.6
Mortgage	28.3	41.2	63.5
Title	119.8	124.7	9.8
Life	5.7	13.0	1.6
Other	2.9	2.9	(2.2)
Total	\$227.0	\$422.3	\$109.4
Year Ended December 31, 2001			
General	\$305.4	\$1,053.5	\$141.4
Mortgage	117.1	174.1	261.9
Title	540.1	574.2	74.6
Life	23.1	53.4	4.9
Other	14.0	14.0	(8.8)
Total	\$1,005.9	\$1,869.5	\$474.2
Year Ended December 31, 2000			
General	\$275.1	\$940.2	\$116.9
Mortgage	105.6	155.2	240.1
Title	460.8	478.3	40.3
Life	27.1	66.6	5.3
Other	14.2	13.6	(10.0)
Total	\$882.9	\$1,644.2	\$392.7

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