

Old Republic Reports Earnings for Fourth Quarter and Year 2004

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Special Fourth Quarter Charges Hinder Earnings Progress

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

	Quarters Ended December 31, 2004			Years Ended December 31, 2003		
	2004	2003	Change	2004	2003	Change
Total Revenues	\$921.8	\$865.6	6.5%	\$3,491.6	\$3,285.8	6.3%
Net Operating Income	\$83.9	\$108.2	-22.4%	\$404.1	\$447.2	-9.6%
Net Income	\$100.4	\$113.9	-11.8%	\$435.0	\$459.8	-5.4%
Diluted Earnings Per Share:						
Net Operating Income	\$0.45	\$0.59	-23.7%	\$2.19	\$2.44	-10.2%
Net Income	\$0.54	\$0.62	-12.9%	\$2.36	\$2.51	-6.0%

Old Republic International Corporation (NYSE: ORI), today reported that fourth quarter and full year 2004 net operating earnings were enhanced by continued strength in Old Republic's General Insurance line, but weaker Title and Mortgage Guaranty performance and certain special fourth quarter charges detracted from those results. Excluding the special charges, fourth quarter net operating income would have been \$109.2 million (59 cents per share) on a par with results posted in the final quarter of 2003. Nearly 75 percent of the special post-tax charges of approximately \$25.5 million, or 14 cents per share, represents an increase in previously posted litigation reserves necessitated by a ruling on January 20, 2005, by the California Court of Appeals affirming a prior trial court verdict against Old Republic Title Company. The remainder covers a write down of previously deferred acquisition costs applicable to a life insurance product discontinued during the fourth quarter of 2004.

Consolidated Results

The major components of Old Republic's consolidated operating income and the resulting consolidated net income were as follows for the periods reported upon:

(\$ in Millions)	Quarters Ended December 31,			Years Ended December 31,		
	2004	2003	% Chg.	2004	2003	% Chg.
Pretax operating income (loss):						
General Insurance	\$88.0	\$72.3	21.8%	\$333.0	\$258.9	28.6%
Mortgage Guaranty	53.8	61.4	-12.4	224.5	276.4	-18.8
Title Insurance	(2.8)	24.5	-111.8	62.5	129.6	-51.7
Corporate and other	(11.0)	1.6		(17.2)	(4.5)	
Realized investment gains (losses):						
From sales	30.4	8.7		53.2	35.7	
From impairments	(5.2)	-		(5.2)	(16.4)	
Net realized gains	25.2	8.7		47.9	19.3	
Consolidated pretax income	153.2	168.6	-9.2	650.9	679.7	-4.2
Income taxes	52.7	54.7	-3.6	215.9	219.9	-1.8
Net income	\$100.4	\$113.9	-11.8%	\$435.0	\$459.8	-5.4%
Components of earnings per share:						
Net operating income	\$0.45	\$0.59	-23.7%	\$2.19	\$2.44	-10.2%
Net realized gains	0.09	0.03		0.17	0.07	
Net Income	\$0.54	\$0.62	-12.9%	\$2.36	\$2.51	-6.0%

Both net operating income and net income per share figures are given to highlight the impact of certain accounting rules or securities market-driven considerations that affect the recording of investment gains or losses and can lead to lessened period-to-period comparability. The realization of investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, losses from write-downs of impaired securities, tax-planning considerations, and changes in investment management judgments relative to the direction of securities markets or the future prospects of individual investees or industry sectors. In particular, write-downs of securities deemed other than temporarily impaired are affected by some of these factors as well as industry or issuer-specific developments that can call for the recognition of a permanent loss of market value or non-recoverability of asset cost.

The increase in consolidated revenues to \$921.8 million in the final quarter of 2004 was aided by the continued growth of General Insurance premiums and greater than average realized investment gains. During the quarter, the Company liquidated approximately 50 percent of its actively managed equity portfolio, in the process registering above average net realized gains for the quarter, and redirected a significant portion of the sales proceeds toward a number of equity index funds. Throughout 2004, net investment income has reflected a gradual increase principally due to Old Republic's rising invested asset base. In combination, these factors were also responsible for the 6.3 percent increase in full year consolidated revenues to a new high of \$3.49 billion in 2004.

Consolidated pretax operating income trends for the first nine months of 2004 remained reasonably consistent during the final quarter of the year. The aforementioned special charges, however, accentuated the decline in earnings contributions from the title segment as well as from corporate and other sources. For the final quarter of 2004, pretax charges borne by Old Republic's title business amounted to \$22.2 million, while the write down of life insurance deferred acquisition costs charged to the corporate and other line totaled \$10.5 million. These special charges, together with the expensing of \$5.6 million for the non-recurring vesting acceleration of stock option costs in the first quarter of the year, were significant contributing factors to a moderate earnings decline for 2004 as a whole.

General Insurance Group

Old Republic's property and liability insurance business posted a 21.8 percent increase in pretax operating income to \$88.0 million in the final quarter of 2004; this compares to \$72.3 million earned in the same period of 2003. Net premium revenues in the latest quarterly period rose by 16.7 percent to \$428.8 million, compared to \$367.5 million one year ago. The composite underwriting ratio for the fourth quarter of 2004 was 91.1 percent versus 92.6 percent in the same quarter of the preceding year.

For all of 2004, pretax operating income rose by 28.6 percent to \$333.0 million when compared to \$258.9 million posted in 2003. Net premiums earned were \$1.62 billion versus \$1.37 billion a year ago, for an increase of 17.6 percent. The year's composite underwriting ratio was 90.7 percent compared to 93.3 percent in 2003.

Earned premiums in the General Insurance Group have continued to rise as a result of positive pricing and risk selection changes effected during the past few years, as well as additional business produced in a reasonably stable underwriting environment. Underwriting results in 2004's final quarter and for the full year benefited from slightly lower claim and expense ratios. The composite underwriting ratio represents the most widely accepted indicator of underwriting performance in the industry, and Old Republic has now registered a composite ratio below 100 percent for eleven consecutive quarters. The ratio reached a high of 118.8 percent in the third quarter of 1999 and has dropped fairly consistently to the most recent lower levels.

Mortgage Guaranty Group

Mortgage Guaranty pretax operating income dropped 12.4 percent to \$53.8 million in the final quarter of 2004 when compared to the \$61.4 million posted in the same quarter of 2003. For all of 2004, pretax operating income reflected a decline of 18.8 percent to \$224.5 million from the \$276.4 million reported in the same period of 2003. The group's performance for the quarter and for the full year was generally reflective of level or moderate premium growth and rising claim costs.

Net premiums earned were basically flat for the final quarter of 2004, and rose slightly for the year as a whole. The favorable effect of gradually rising business persistency on premium renewals during 2004 was largely negated by the combination of lower origination volumes and greater reinsurance cessions.

The composite underwriting ratio rose to 64.2 percent in the final quarter of 2004 compared to 56.1 percent posted in the same period of 2003. For the year, the composite ratio was 61.1 percent in 2004 versus 47.5 percent in 2003. The greater composite ratios experienced in 2004 periods are largely reflective of a higher claim ratio component. The latter rose to 38.9 percent in the

last quarter of 2004 from 32.0 percent in the same period of 2003, and to 35.5 percent for all of 2004 from 22.7 percent in 2003. The higher claim ratios posted throughout 2004 reflect a rise in paid claims as well as greater reserve provisions driven by moderately higher expectations of claim frequency and severity. The expense ratios for the periods reported upon were relatively flat in comparison to 2003. In the fourth quarter of 2003, a class action litigation was resolved at a cost that was approximately \$5.0 million less than reserves recorded in the preceding year. Absent this credit, 2003 expense ratios for Mortgage Guaranty would have been 29.0 percent and 26.0 percent for the fourth quarter and full year, respectively.

Title Insurance Group

Comparative operating results for the Company's Title Insurance Group declined in both the final quarter and full year 2004. Premium and fee revenues totaled \$265.3 million in the fourth quarter of 2004, down 9.9 percent from \$294.5 million a year ago. 2004 fourth quarter pretax operating results dropped to a loss of \$2.8 million, down from a profit of \$24.5 million in 2003's fourth quarter. For the year ended December 31, 2004, premium and fee revenues were \$1.02 billion, down 7.1 percent from \$1.10 billion in 2003. Pretax operating income for all of 2004 totaled \$62.5 million, a 51.7 percent decline from \$129.6 million in 2003. A composite ratio of 96.3 percent was posted for 2004 versus 90.4 percent in 2003.

Operating expenses and income for Old Republic's Title Insurance Group were affected by the aforementioned special charges as follows:

(\$ in Thousands)

	Before Special Charges		After Special Charges	
	Fourth Quarter	Year	Fourth Quarter	Year
2004:				
Expenses	\$237,159	\$907,314	\$259,359	\$929,514
Pretax income (loss)	\$19,305	\$84,767	\$(2,895)	\$62,567
Expense ratio	89.3%	88.4%	97.6%	90.5%
Composite ratio	95.2%	94.2%	103.5%	96.3%
2003 in Comparison:				
Pretax income:				
2003 Amount	\$24,554	\$129,655		
2004 % Change	-21.4%	-34.6%		
Expense ratio	87.3%	84.6%		
Composite ratio	93.7%	90.4%		

In addition to the above summarized effect of special charges, the decline in 2004 quarterly and full year results is also attributable to a substantial reduction in mortgage refinancing revenues, which had reached a peak in the third quarter of 2003, without a corresponding decline in certain relatively fixed operating expenses.

Corporate and Other Operations

Combined results for Old Republic's small life and health insurance business (2004 and 2003 operating revenues of \$71.4 million and \$58.4 million, respectively) and general corporate activities reflected pretax net operating deficits of \$11.0 million and \$17.2 million in the fourth quarter and year 2004, respectively. For the same periods of 2003, income of \$1.6 million was posted in the fourth quarter, and a loss of \$4.5 million was registered for the year. These results are reflective of holding company expenses and debt service costs, investment income on temporary investment holdings, and, except for the effect of the above noted pretax charge of \$10.5 million, moderately higher earnings in 2004 from Old Republic's total book of life and accident and health business.

Cash, Invested Assets and Shareholders' Equity

Cash and invested assets at December 31, 2004, totaled \$7.51 billion, or \$41.19 per share, versus \$6.84 billion, or \$37.71 per share, at December 31, 2003. Consolidated operating cash flow grew by 16.6 percent to \$881.5 million in 2004, with substantially all of this growth stemming from Old Republic's General Insurance and Mortgage Guaranty segments.

Old Republic's high quality investment portfolio reflects a current allocation of approximately 88 percent in fixed-income investments and 6 percent in equities. As has been the case for many years, it contains little or no exposure to real estate investments, mortgage-backed securities, derivatives, junk bonds, private placements or mortgage loans.

Common shareholders' equity grew by 8.8 percent to \$3.86 billion at December 31, 2004, compared to the equivalent balance of

\$3.55 billion posted as of December 31, 2003. Book value per share was \$21.17 at the end of 2004, versus \$19.57 at year-end 2003.

Conference Call Information

Old Republic has scheduled a conference call at 2:00 p.m. Central Time today to discuss its fourth quarter 2004 performance and review ongoing trends. To access this call, log on to <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, principally in the property and liability, mortgage guaranty and title insurance fields. One of the nation's 50 largest publicly owned insurance organizations, Old Republic has assets of approximately \$10.5 billion and capitalization of \$4.0 billion. Its current stock market valuation is approximately \$4.3 billion.

Safe Harbor Statement

Historical data pertaining to the operating performance, liquidity, and other financial indicators 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 management in conference calls following earnings releases, can constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements, commentaries, or inferences, of necessity, involve 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 impacted 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; additionally, mortgage guaranty results, may also be impacted by various risk-sharing arrangements with business producers as well as the risk management and pricing policies of government sponsored enterprises. Life and health insurance earnings can be affected by the levels of employment and consumer spending, variations in mortality and health trends, and changes in policy lapsation rates. At the parent company level, operating earnings or losses are generally reflective of the amount of debt outstanding and its cost, interest income on temporary holdings of short-term investments, and period-to-period variations in the costs of administering the Company's widespread operations.

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.

For the latest news releases and other corporate documents on Old Republic International visit: <http://www.oldrepublic.com> .

Financial Tables Follow

Old Republic International Corporation
FINANCIAL HIGHLIGHTS

		Quarters Ended		
		December 31,		%
		2004	2003	Change
NET INCOME:				
	Total	\$100,445,539	\$113,913,206	-11.8%

Per Share: Basic	\$0.55	\$0.63	-12.7%
Diluted	\$0.54	\$0.62	-12.9%
Average number of common and equivalent shares outstanding			
Basic	182,556,498	181,568,086	
Diluted	184,754,452	184,065,607	

COMPOSITION OF EARNINGS PER SHARE:

Basic Earnings:			
Net income, before items below	\$0.46	\$0.60	-23.3%
Realized investment gains	0.09	0.03	
Net income	\$0.55	\$0.63	-12.7%
Diluted Earnings:			
Net income, before items below	\$0.45	\$0.59	-23.7%
Realized investment gains	0.09	0.03	
Net income	\$0.54	\$0.62	-12.9%

BOOK VALUE PER SHARE (End of periods)(a):

As Reported
Cost Basis

FINANCIAL SUMMARY (\$ in Millions):

Operating Revenues:			
General	\$480.7	\$415.6	15.7%
Mortgage Guaranty	123.2	123.4	-0.2%
Title	272.0	300.6	-9.5%
Corporate & Other	20.5	17.1	
Consolidated Operating Revenues	896.6	856.9	4.6%
Realized Investment Gains	25.2	8.7	
Total Revenues	\$921.8	\$865.6	6.5%
Pretax Operating Income (Loss):			
General	\$88.0	\$72.3	21.8%
Mortgage Guaranty	53.8	61.4	-12.4%
Title	(2.8)	24.5	-111.8%
Corporate & Other	(11.0)	1.6	
Total	128.0	159.9	-20.0%
Realized Investment Gains	25.2	8.7	
Revenues, Net of Expenses	153.2	168.6	-9.2%
Income Taxes	52.7	54.7	-3.6%
Net Income	\$100.4	\$113.9	-11.8%

(a) "As Reported" in financial statements with all securities carried at market value. "Cost Basis" calculation includes all investment securities at their currently amortized original cost.

Old Republic International Corporation
FINANCIAL HIGHLIGHTS

	Years Ended		
	December 31,		%
	2004	2003	Change
NET INCOME:			
Total	\$435,010,098	\$459,801,340	-5.4%
Per Share: Basic	\$2.38	\$2.53	-5.9%
Diluted	\$2.36	\$2.51	-6.0%
Average number of common and equivalent shares outstanding			
Basic	182,541,822	181,549,485	
Diluted	184,607,632	183,302,935	

COMPOSITION OF EARNINGS PER SHARE:

Basic Earnings:			
Net income, before items below	\$2.21	\$2.46	-10.2%
Realized investment gains	0.17	0.07	
Net income	\$2.38	\$2.53	-5.9%
Diluted Earnings:			
Net income, before items below	\$2.19	\$2.44	-10.2%
Realized investment gains	0.17	0.07	
Net income	\$2.36	\$2.51	-6.0%

BOOK VALUE PER SHARE (End of periods)(a):

As Reported \$21.17 \$19.57 8.2%
Cost Basis \$20.24 \$18.28 10.7%

FINANCIAL SUMMARY (\$ in Millions) :

Operating Revenues:				
General	\$1,822.5	\$1,572.7	15.9%	
Mortgage Guaranty	489.9	498.6	-1.8%	
Title	1,051.8	1,128.0	-6.8%	
Corporate & Other	79.3	67.0		
Consolidated Operating Revenues	3,443.7	3,266.5	5.4%	
Realized Investment Gains	47.9	19.3		
Total Revenues	\$3,491.6	\$3,285.8	6.3%	
Pretax Operating Income (Loss):				
General	\$333.0	\$258.9	28.6%	
Mortgage Guaranty	224.5	276.4	-18.8%	
Title	62.5	129.6	-51.7%	
Corporate & Other	(17.2)	(4.5)		
Total	602.9	660.4	-8.7%	
Realized Investment Gains	47.9	19.3		
Revenues, Net of Expenses	650.9	679.7	-4.2%	
Income Taxes	215.9	219.9	-1.8%	
Net Income	\$435.0	\$459.8	-5.4%	

(a) "As Reported" in financial statements with all securities carried at market value. "Cost Basis" calculation includes all investment securities at their currently amortized original cost.

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

Segment	Net Premiums & Fees Earned	Net Invest- ment Income	Other Income	Operating Revenues	Benefits & Claims
Quarter Ended December 31, 2004					
General	\$428.8	\$48.2	\$3.7	\$480.7	\$281.7
Mortgage	101.6	17.4	4.0	123.2	39.5
Title	265.3	6.5	0.1	272.0	15.6
Other	16.4	3.9	0.1	20.5	8.2
Consolidated	\$812.3	\$76.2	\$8.0	\$896.6	\$345.2
Quarter Ended December 31, 2003					
General	\$367.5	\$43.9	\$4.1	\$415.6	\$242.2
Mortgage	101.9	16.6	4.8	123.4	32.6
Title	294.5	5.9	0.1	300.6	18.7
Other	13.0	4.0	0.1	17.1	5.8
Consolidated	\$777.0	\$70.6	\$9.2	\$856.9	\$299.4
Year Ended December 31, 2004					
General	\$1,623.0	\$183.4	\$16.0	\$1,822.5	\$1,069.5
Mortgage	403.2	67.7	18.9	489.9	143.2
Title	1,025.2	25.5	0.9	1,051.8	59.7
Other	64.6	14.0	0.7	79.3	35.4
Consolidated	\$3,116.1	\$290.8	\$36.7	\$3,443.7	\$1,307.9
Year Ended December 31, 2003					
General	\$1,379.5	\$175.0	\$18.2	\$1,572.7	\$932.9
Mortgage	400.9	65.7	32.0	498.6	90.9
Title	1,103.8	23.5	0.5	1,128.0	63.8
Other	51.6	14.9	0.4	67.0	25.1
Consolidated	\$2,936.0	\$279.2	\$51.2	\$3,266.5	\$1,112.8

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

Segment	Sales & Other Expenses	Total Expenses	Pretax Opera- ting Income (Loss)	Compo- site Under- writing Ratios
Quarter Ended December 31, 2004				
General	\$110.9	\$392.7	\$88.0	91.1%
Mortgage	29.8	69.3	53.8	64.2%
Title	259.3	274.9	(2.8)	103.5%
Other	23.2	31.5	(11.0)	---
Consolidated	\$423.4	\$768.6	\$128.0	92.8%
Quarter Ended December 31, 2003				
General	\$101.0	\$343.3	\$72.3	92.6%
Mortgage	29.4	62.0	61.4	56.1%
Title	257.3	276.0	24.5	93.7%

Other	9.6	15.5	1.6	---
Consolidated	\$397.5	\$696.9	\$159.9	88.0%

Year Ended December 31, 2004				
General	\$419.9	\$1,489.5	\$333.0	90.7%
Mortgage	122.1	265.3	224.5	61.1%
Title	929.5	989.2	62.5	96.3%
Other	61.1	96.6	(17.2)	---
Consolidated	\$1,532.7	\$2,840.7	\$602.9	89.3%

Year Ended December 31, 2003				
General	\$380.9	\$1,313.8	\$258.9	93.3%
Mortgage	131.3	222.2	276.4	47.5%
Title	934.5	998.3	129.6	90.4%
Other	46.3	71.5	(4.5)	---
Consolidated	\$1,493.2	\$2,606.0	\$660.4	86.4%

Old Republic International Corporation
SEGMENTED OPERATING STATISTICS
(\$ in Millions)

	Quarters Ended		Years Ended	
	December 31, 2004	2003	December 31, 2004	2003
General Insurance:				
Benefits and claims ratio	65.8%	66.1%	66.1%	67.8%
Expense ratio	25.3%	26.5%	24.6%	25.5%
Composite ratio	91.1%	92.6%	90.7%	93.3%
Paid loss ratio	55.3%	54.7%	52.1%	54.4%
Mortgage Guaranty:				
New insurance written:				
Traditional Primary	\$5,668.7	\$7,749.8	\$24,749.4	\$37,255.8
Bulk	1,351.6	2,737.3	4,487.8	6,806.6
Other	523.5	895.3	7,324.7	5,802.8
Total	\$7,544.0	\$11,382.4	\$36,562.0	\$49,865.2
Net risk in force:				
Traditional Primary			\$15,452.2	\$15,329.5
Bulk			834.8	802.2
Other			580.9	493.4
Total			\$16,868.0	\$16,625.1
Earned premiums: Direct	\$122.7	\$118.7	\$483.6	\$467.3
Net	\$101.6	\$101.9	\$403.2	\$400.9
Persistency/Traditional Primary			64.5%	46.0%
Delinquency ratio:				
Traditional Primary			4.11%	3.95%
Bulk			4.59%	4.76%
Claims ratio	38.9%	32.0%	35.5%	22.7%
Expense ratio	25.3%	24.1%	25.6%	24.8%
Composite ratio	64.2%	56.1%	61.1%	47.5%
Paid loss ratio	32.8%	31.4%	30.7%	23.9%
Title Insurance:				
Direct orders opened	90,301	88,031	405,487	518,915
Direct orders closed	79,891	84,897	341,355	450,236
Claims ratio	5.9%	6.4%	5.8%	5.8%
Expense ratio	97.6%	87.3%	90.5%	84.6%
Composite ratio	103.5%	93.7%	96.3%	90.4%
Paid loss ratio	5.6%	2.6%	4.1%	2.7%

SOURCE Old Republic International Corporation

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