

Old Republic Reports Second Quarter Results: Strength in General Insurance and Mortgage Guaranty Drive First Half Earnings Gains

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Shareholders' Equity Reaches A New High Of \$4.06 Billion

CHICAGO, July 28 /PRNewswire-FirstCall/ --

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,		
	2005	2004	Change	2005	2004	Change
Total Revenues	\$944.9	\$867.1	9.0%	\$1,825.2	\$1,689.5	8.0%
Net Operating Income	\$163.9*	\$115.7	41.6%	\$273.0*	\$212.4	28.5%
Net Income	\$172.3*	\$119.0	44.8%	\$286.6*	\$225.4	27.2%
Diluted Earnings Per Share:						
Net Operating Income	\$0.89*	\$0.63	41.3%	\$1.48*	\$1.15	28.7%
Net Income	\$0.93*	\$0.65	43.1%	\$1.55*	\$1.22	27.0%
Book Value Per Share				\$22.25	\$20.07	10.9%

* Includes non-recurring income tax and related accumulated interest recovery of \$45.9 after tax, or 25 cents per share.

Old Republic International Corporation's (NYSE: ORI), consolidated net operating income per share for this year's second quarter was 89 cents, compared to 63 cents in the same period of 2004. For this year's first half, net operating earnings per share amounted to \$1.48 versus \$1.15 earned in the first six months of 2004.

Earnings for 2005 periods include a non-recurring recovery of income taxes and related accumulated interest of \$57.9 million (\$45.9 million net of tax or 25 cents per diluted share). As previously announced, the recovery stems from a recent favorable resolution of the Company's claim for a permanent Federal income tax refund applicable to the three years ended December 31, 1990.

Consolidated pretax earnings in the first half of 2004 were affected adversely by required non-recurring stock option compensation charges of \$5.6 million (or 2 cents per share after tax), representing the expense of a vesting acceleration of stock option costs.

Consolidated Results

Consolidated results are provided in terms of both net operating income and net income 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.

Consolidated operating revenues in this year's second quarter totaled \$932.1 million, up 8.1 percent from \$862.1 million in the same period of 2004. Net premiums and fees earned were \$847.6 million in this year's second quarter versus \$780.8 million in the year-ago period. Consolidated net investment income of \$75.8 million for the second quarter of 2005 was up by 6.5 percent when compared to the preceding year due primarily to the benefits of the Company's growing invested asset base.

For this year's first half, consolidated operating revenues rose by 8.1 percent to \$1.80 billion, net premiums and fees by 8.6 percent to \$1.63 billion, and net investment income by 6.6 percent to \$151.2 million, all in relation to corresponding amounts posted in the first six months of 2004.

The major components of Old Republic's consolidated pretax operating income cited herein, and consolidated GAAP net income were as follows for the periods shown:

	(\$ in Millions Except Share Data)			
	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Pretax operating income (loss):				
General	\$86.4	\$83.3	\$171.3	\$157.6
Mortgage Guaranty	67.9	59.5	132.5	116.9
Title	22.8	31.0	35.6	44.3
Corporate and other	(2.6)	(1.6)	(4.3)	(4.1)
Realized investment gains (losses):				
From sales	12.9	4.9	26.0	20.5
From impairments	(.1)	-	(5.2)	-
Sub-total	12.8	4.9	20.8	20.5
Consolidated pretax income	187.5	177.2	356.0	335.3
Income taxes	15.2	58.1	69.4	109.9
Net income	\$172.3	\$119.0	\$286.6	\$225.4
Components of diluted earnings per share:				
Net Operating Income before non-recurring income tax benefit	\$0.64	\$0.63	\$1.23	\$1.15
Non-recurring income tax benefit	0.25	-	0.25	-
Net operating income	0.89	0.63	1.48	1.15
Net realized gains	0.04	0.02	0.07	0.07
Net income	\$0.93	\$0.65	\$1.55	\$1.22

General Insurance Group Results

The following highlights reflect the progress of Old Republic's General Insurance business for the second quarter and first half of 2005.

	(\$ in Millions)					
	Quarters Ended			Six Months Ended		
	June 30,			June 30,		
	2005	2004	Change	2005	2004	Change
Net premiums earned	\$461.3	\$396.2	16.4%	\$892.4	\$772.8	15.5%
Net investment income	47.8	45.0	6.3	95.7	89.5	6.9
Pretax operating income	\$86.4	\$83.3	3.8%	\$171.3	\$157.6	8.7%
Benefits and claims ratio	67.0%	65.4%		67.2%	66.2%	
Expense ratio	24.4	23.8		24.5	24.8	
Composite ratio	91.4%	89.2%		91.7%	91.0%	

General insurance operations registered year-over-year earned premium growth in the mid-teens for both 2005 periods. Favorable underwriting results continue and reflect basically stable overall claim costs as well as firm expense controls. Net investment income growth resulted from reasonably stable investment yields on a greater invested asset base.

Mortgage Guaranty Group Results

Old Republic's Mortgage Guaranty Group performed within expectations for the first half of 2005. The following performance indicators reflect steadily improving results for this segment.

	(\$ in Millions)					
	Quarters Ended			Six Months Ended		
	June 30,			June 30,		
	2005	2004	Change	2005	2004	Change
Net premiums earned	\$108.5	\$100.4	8.1%	\$213.9	\$199.1	7.4%
Net investment income	17.4	16.7	4.5	35.0	33.3	5.0
Pretax operating income	\$67.9	\$59.5	14.2%	\$132.5	\$116.9	13.3%
Claims ratio	31.5%	32.0%		31.9%	30.8%	
Expense ratio	22.0	25.4		22.5	27.3	
Composite ratio	53.5%	57.4%		54.4%	58.1%	

Most of the improvement in mortgage guaranty operations stemmed from the basic underwriting and related services function of the business. Year-over-year claim ratio comparisons reflect basic stability in paid loss trends, claim frequency and severity patterns, all of which appear to have leveled off in the three most recent quarters. Profitability was also affected favorably by the combination of lower contract underwriting costs, some reductions in variable sales expenses, and continued attention to operating efficiencies. Year-over-year expense comparisons also benefited from the absence of stock option expense acceleration costs of \$2.0 million that burdened first half 2004 operations to the extent of 100 basis points in the expense ratio.

Title Insurance Group Results

Old Republic's Title Insurance segment turned in somewhat poorer results than anticipated at the beginning of the year. Major indicators of that performance follow:

	(\$ in Millions)					
	Quarters Ended			Six Months Ended		
	June 30,		Change	June 30,		Change
2005	2004	2005		2004		
Net premiums and fees earned	\$261.7	\$268.7	-2.6%	\$493.4	\$502.8	-1.9%
Net investment income	6.4	6.2	2.1	12.7	12.5	2.1
Pretax operating income	\$22.8	\$31.0	-26.4%	\$35.6	\$44.3	-19.5%
Claims ratio	5.9%	5.7%		5.9%	5.8%	
Expense ratio	87.7	85.0		89.4	87.8	
Composite ratio	93.6%	90.7%		95.3%	93.6%	

All of the shortfall in this year's title operating income stemmed from the basic underwriting and related services operations. While claim costs remained relatively stable, operating expense reductions have been more difficult to achieve in the light of slightly negative premium and fee revenue trends. Indicative of the drop in title premium and fee revenues, the number of closed transactions for the Company's directly produced business were 6.6 percent and 9.8 percent lower in this year's first and second quarter, respectively, and 8.3 percent less in the first half of the year when compared to the same periods of 2004. These reduced production levels are generally attributable to a continued drop in refinance transactions, as well as more subdued new and resale housing activity in 2005 to date.

Corporate and Other Operations

Combined results for Old Republic's small life and health insurance business and net corporate expenses reflected pretax net operating deficits of \$2.6 million and \$4.3 million in the second quarter and first half of 2005, respectively. For the second quarter and first half of 2004, the comparable operating deficits amounted to \$1.6 million and \$4.1 million, respectively. These results are reflective of holding company expenses and debt service costs, investment income on temporary investment holdings, and lower earnings from Old Republic's overall book of term life and accident and health business.

Cash, Invested Assets and Shareholders' Equity

The following table shows the growth in consolidated cash and invested assets and common shareholders' equity along with the corresponding per share amounts as of the dates shown:

	(\$ in Millions Except Share Data)		
	June 30, 2005	Dec. 31, 2004	June 30, 2004
Total Cash and Invested Assets	\$7,762.2	\$7,519.5	\$7,084.6
Total Cash and Invested Assets Per Share	\$42.44	\$41.19	\$38.90
Total Common Shareholders' Equity	\$4,068.9	\$3,865.6	\$3,655.0
Book Value Per Share	\$22.25	\$21.17	\$20.07

Consolidated operating cash flow continued positive at \$371.2 million for the first half of 2005, compared to \$412.7 million in the same period of 2004. The investment portfolio reflects a current allocation of approximately 88 percent in fixed-income

investments and 5 percent in equities. It contains little or no exposure to real estate investments, mortgage-backed securities, derivatives, junk bonds, private placements or mortgage loans.

Conference Call Information

Old Republic has scheduled a conference call at 2:00 p.m. Central Time today to discuss its second quarter 2005 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. A replay 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 \$11.0 billion and capitalization of \$4.2 billion. Its current stock market valuation is approximately \$4.7 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.

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Old Republic International Corporation
FINANCIAL HIGHLIGHTS

	Quarters Ended		Change
	June 30,		
	2005	2004	
NET INCOME:			
Total	\$172,303,518	\$119,015,777	44.8%
Per Share: Basic	\$0.94	\$0.65	44.6%

Diluted	\$0.93	\$0.65	43.1%
Average number of common and equivalent shares outstanding			
Basic	182,903,826	182,123,337	
Diluted	184,952,330	184,218,883	

COMPOSITION OF EARNINGS PER SHARE:

Basic Earnings:			
Net income, before items below	\$0.90	\$0.63	42.9%
Realized investment gains	0.04	0.02	
Net income	\$0.94	\$0.65	44.6%
Diluted Earnings:			
Net income, before items below	\$0.89	\$0.63	41.3%
Realized investment gains	0.04	0.02	
Net income	\$0.93	\$0.65	43.1%

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

As Reported
Cost Basis

FINANCIAL SUMMARY (\$ in Millions):

Operating Revenues:			
General	\$513.2	\$445.1	15.3%
Mortgage Guaranty	130.3	122.7	6.2%
Title	268.2	275.4	-2.6%
Corporate & Other	20.3	18.8	
Consolidated Operating Revenues	932.1	862.1	8.1%
Realized Investment Gains	12.8	4.9	
Total Revenues	\$944.9	\$867.1	9.0%
Pretax Operating Income (Loss):			
General	\$86.4	\$83.3	3.8%
Mortgage Guaranty	67.9	59.5	14.2%
Title	22.8	31.0	-26.4%
Corporate & Other	(2.6)	(1.6)	
Total	174.6	172.2	1.4%
Realized Investment Gains	12.8	4.9	
Revenues, Net of Expenses	187.5	177.2	5.8%
Income Taxes	15.2	58.1	-73.9%
Net Income	\$172.3	\$119.0	44.8%

Six Months Ended
June 30,
2005 2004 Change

NET INCOME:			
Total	\$286,634,222	\$225,429,094	27.2%
Per Share: Basic	\$1.56	\$1.24	25.8%
Diluted	\$1.55	\$1.22	27.0%

Average number of common and equivalent shares outstanding			
Basic	182,893,037	182,118,799	
Diluted	184,913,845	184,387,307	

COMPOSITION OF EARNINGS PER SHARE:

Basic Earnings:			
Net income, before items below	\$1.49	\$1.17	27.4%
Realized investment gains	0.07	0.07	
Net income	\$1.56	\$1.24	25.8%
Diluted Earnings:			
Net income, before items below	\$1.48	\$1.15	28.7%
Realized investment gains	0.07	0.07	
Net income	\$1.55	\$1.22	27.0%

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

As Reported \$22.25 \$20.07 10.9%
Cost Basis \$21.50 \$19.30 11.4%

FINANCIAL SUMMARY (\$ in Millions):

Operating Revenues:			
General	\$995.8	\$870.6	14.4%
Mortgage Guaranty	257.3	242.9	5.9%
Title	506.6	516.1	-1.8%
Corporate & Other	44.5	39.3	
Consolidated Operating Revenues	1,804.4	1,668.9	8.1%
Realized Investment Gains	20.8	20.5	
Total Revenues	\$1,825.2	\$1,689.5	8.0%
Pretax Operating Income (Loss):			
General	\$171.3	\$157.6	8.7%
Mortgage Guaranty	132.5	116.9	13.3%

Title	35.6	44.3	-19.5%
Corporate & Other	(4.3)	(4.1)	
Total	335.2	314.8	6.5%
Realized Investment Gains	20.8	20.5	
Revenues, Net of Expenses	356.0	335.3	6.2%
Income Taxes	69.4	109.9	-36.8%
Net Income	\$286.6	\$225.4	27.2%

(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 June 30, 2005					
General	\$461.3	\$47.8	\$4.0	\$513.2	\$311.2
Mortgage	108.5	17.4	4.2	130.3	34.2
Title	261.7	6.4	0.1	268.2	15.3
Other	16.0	4.1	0.1	20.3	8.6
Consolidated	\$847.6	\$75.8	\$8.5	\$932.1	\$369.4
Quarter Ended June 30, 2004					
General	\$396.2	\$45.0	\$3.8	\$445.1	\$260.1
Mortgage	100.4	16.7	5.6	122.7	32.1
Title	268.7	6.2	0.4	275.4	15.3
Other	15.4	3.2	0.1	18.8	8.4
Consolidated	\$780.8	\$71.2	\$10.0	\$862.1	\$316.0
Six Months Ended June 30, 2005					
General	\$892.4	\$95.7	\$7.6	\$995.8	\$599.4
Mortgage	213.9	35.0	8.3	257.3	68.1
Title	493.4	12.7	0.3	506.6	29.1
Other	36.6	7.6	0.2	44.5	19.0
Consolidated	\$1,636.5	\$151.2	\$16.5	\$1,804.4	\$715.8
Six Months Ended June 30, 2004					
General	\$772.8	\$89.5	\$8.2	\$870.6	\$509.4
Mortgage	199.1	33.3	10.4	242.9	61.2
Title	502.8	12.5	0.6	516.1	29.3
Other	32.5	6.4	0.3	39.3	18.2
Consolidated	\$1,507.4	\$141.8	\$19.7	\$1,668.9	\$618.1
Fiscal Twelve Months Ended June 30, 2005					
General	\$1,742.6	\$189.6	\$15.4	\$1,947.8	\$1,159.5
Mortgage	418.0	69.4	16.8	504.3	150.1
Title	1,015.8	25.8	0.6	1,042.3	59.6
Other	68.7	15.3	0.5	84.6	36.2
Consolidated	\$3,245.2	\$300.3	\$33.5	\$3,579.1	\$1,405.6
Fiscal Twelve Months Ended June 30, 2004					
General	\$1,499.4	\$176.5	\$17.2	\$1,693.2	\$994.0
Mortgage	401.2	66.2	24.7	492.2	117.1
Title	1,105.9	24.4	0.9	1,131.3	65.2
Other	56.0	14.2	0.6	70.9	30.6
Consolidated	\$3,062.6	\$281.5	\$43.5	\$3,387.7	\$1,207.0

Segment	Sales & Other Expenses	Total Expenses	Pretax Operating Income (Loss)	Composite Under- writing Ratios
Quarter Ended June 30, 2005				
General	\$115.4	\$426.7	\$86.4	91.4%
Mortgage	28.1	62.3	67.9	53.5%
Title	230.0	245.3	22.8	93.6%
Other	14.3	22.9	(2.6)	---
Consolidated	\$387.9	\$757.4	\$174.6	87.6%
Quarter Ended June 30, 2004				
General	\$101.6	\$361.8	\$83.3	89.2%
Mortgage	31.1	63.2	59.5	57.4%
Title	228.9	244.3	31.0	90.7%
Other	12.1	20.5	(1.6)	---

Consolidated	\$373.8	\$689.8	\$172.2	86.4%
Six Months Ended June 30, 2005				
General	\$225.0	\$824.4	\$171.3	91.7%
Mortgage	56.5	124.7	132.5	54.4%
Title	441.7	470.9	35.6	95.3%
Other	29.8	48.9	(4.3)	---
Consolidated	\$753.2	\$1,469.1	\$335.2	88.0%
Six Months Ended June 30, 2004				
General	\$203.4	\$712.9	\$157.6	91.0%
Mortgage	64.6	125.9	116.9	58.1%
Title	442.5	471.8	44.3	93.6%
Other	25.3	43.5	(4.1)	---
Consolidated	\$735.9	\$1,354.1	\$314.8	87.8%
Fiscal Twelve Months Ended				
June 30, 2005				
General	\$441.5	\$1,601.1	\$346.7	91.1%
Mortgage	113.9	264.1	240.1	59.1%
Title	928.7	988.4	53.9	97.2%
Other	65.7	102.0	(17.3)	---
Consolidated	\$1,550.0	\$2,955.6	\$623.4	89.3%
Fiscal Twelve Months Ended				
June 30, 2004				
General	\$404.4	\$1,398.4	\$294.8	91.8%
Mortgage	127.5	244.6	247.5	54.8%
Title	954.1	1,019.5	111.8	92.1%
Other	46.5	77.2	(6.1)	---
Consolidated	\$1,532.6	\$2,739.7	\$648.0	87.4%

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

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
General Insurance:				
Benefits and claims ratio	67.0%	65.4%	67.2%	66.2%
Expense ratio	24.4%	23.8%	24.5%	24.8%
Composite ratio	91.4%	89.2%	91.7%	91.0%
Paid loss ratio	51.4%	51.3%	50.5%	51.1%
Mortgage Guaranty:				
New insurance written:				
Traditional Primary	\$5,326.8	\$7,183.1	\$10,032.4	\$13,082.7
Bulk	2,465.2	1,290.0	5,764.8	1,331.1
Other	3.5	5,276.0	43.4	6,441.1
Total	\$7,795.7	\$13,749.2	\$15,840.7	\$20,855.0
Net risk in force:				
Traditional Primary			\$15,126.5	\$15,322.5
Bulk			1,203.9	792.2
Other			576.2	548.5
Total			\$16,906.7	\$16,663.3
Earned premiums: Direct				
Net	\$128.1	\$119.8	\$252.7	\$238.3
	\$108.5	\$100.4	\$213.9	\$199.1
Persistency/Traditional				
Primary			66.6%	54.8%
Delinquency ratio:				
Traditional Primary			3.82%	3.65%
Bulk			3.25%	5.12%
Claims ratio				
Expense ratio	31.5%	32.0%	31.9%	30.8%
Composite ratio	22.0%	25.4%	22.5%	27.3%
	53.5%	57.4%	54.4%	58.1%
Paid loss ratio	30.6%	30.4%	31.1%	27.6%
Title Insurance:				
Direct orders opened	107,277	103,866	206,302	215,938
Direct orders closed	87,228	96,719	164,346	179,298
Claims ratio				
Expense ratio	5.9%	5.7%	5.9%	5.8%
Composite ratio	87.7%	85.0%	89.4%	87.8%
	93.6%	90.7%	95.3%	93.6%

Paid loss ratio 5.2% 3.3% 5.1% 3.8%

SOURCE Old Republic International Corporation

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