



OLD REPUBLIC INTERNATIONAL CORPORATION

Managing for the Long Run

**1st Quarter 2011
Report to the Shareholders**

ABOUT US

Our MISSION is to provide quality insurance security and related services to businesses, individuals, and public institutions and be a dependable long-term steward of the trust our policyholders and shareholders place in us.

Old Republic traces its beginnings to 1923, although several acquired subsidiaries began operations much earlier. The Company is one of America's 50 largest shareholder-owned insurance businesses. Its subsidiaries market, underwrite, and provide risk management services for a wide variety of coverages, predominantly in the general (property and liability), mortgage guaranty, and title insurance fields. The Company is primarily a commercial lines underwriter serving the insurance needs of a large number of organizations, including many of America's leading industrial and financial services institutions.

For the beneficiaries of their insurance products and services, Old Republic's insurance subsidiaries provide quality assurance of the promises they make. For employees, the Company offers an environment of success in which they can pursue personal goals of professional and economic achievement in the context of Old Republic's business objectives.

Old Republic's record as a long-term investment compares very favorably within American industry. The Company's performance reflects an entrepreneurial spirit, a necessary long-term orientation in the management of its business, and a corporate structure that promotes accountability and encourages the taking of prudent business risks. For the 25 years ended in 2010, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 9.4 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 9.9 percent annual compound rate. During those years, Old Republic's shareholders' equity account, inclusive of cash dividends, has risen at an average annual rate of 11.4 percent per share, and the regular cash dividend has grown at a 10.2 percent annual compound rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 96 companies, out of 10,000-plus publicly held U.S. corporations, that have posted at least 25 consecutive years of annual dividend growth.

Managing for the Long Run.

LETTER TO THE SHAREHOLDERS

(\$ in millions, except per share data)

The achievement of consistent quarterly profitability was once again delayed in this year's first quarter. A net operating loss of \$17.1 was sustained in comparison with an operating gain of \$23.1 in last year's first quarter. This year's quarterly loss follows a \$32.4 loss in the fourth quarter of 2010.

First quarter 2011 financial data includes the accounts of PMA Capital Corporation ("PMA") whose merger with Old Republic occurred on October 1, 2010. The inclusion of PMA-related accounts in this year's first quarter had a positive effect on consolidated operating revenues and net operating results of approximately \$142.0 and \$7.0, respectively.

From a business segment standpoint, quarter-over-quarter comparisons reflect relatively flat profitability for Old Republic's general insurance business, a much greater operating loss in mortgage guaranty, and a positive turn to title insurance profitability for the fourth consecutive quarter.

Consolidated Results – The major components of Old Republic's consolidated results and other data for the periods reported upon are shown below.

| | Quarters Ended March 31, | | |
|--|--------------------------|-----------|---------|
| | 2011 | 2010 | Change |
| Operating revenues: | | | |
| General insurance | \$ 625.5 | \$ 479.1 | 30.6% |
| Mortgage guaranty | 131.2 | 160.5 | -18.2 |
| Title insurance | 339.9 | 262.0 | 29.7 |
| Corporate and other | 26.2 | 27.8 | -5.6 |
| Total | \$ 1,123.0 | \$ 929.6 | 20.8% |
| Pretax operating income (loss): | | | |
| General insurance | \$ 68.5 | \$ 69.2 | -1.1% |
| Mortgage guaranty | (101.1) | (34.1) | -196.6 |
| Title insurance | 2.6 | (8.6) | 130.2 |
| Corporate and other | (1.3) | 1.8 | -176.3 |
| Sub-total | (31.4) | 28.3 | -210.9 |
| Realized investment gains (losses): | | | |
| From sales | 6.4 | 2.9 | |
| From impairments | - | - | |
| Net realized investment gains (losses) | 6.4 | 2.9 | 117.9 |
| Consolidated pretax income (loss) | (24.9) | 31.2 | -179.6 |
| Income taxes (credits) | (11.9) | 6.2 | -292.6 |
| Net income (loss) | \$ (12.9) | \$ 25.0 | -151.6% |
| Consolidated underwriting ratio: | | | |
| Benefits and claim ratio | 63.8% | 59.6% | |
| Expense ratio | 47.0 | 47.4 | |
| Composite ratio | 110.8% | 107.0% | |
| Components of diluted earnings per share: | | | |
| Net operating income (loss) | \$ (0.07) | \$ 0.10 | -170.0% |
| Net realized investment gains (losses) | 0.02 | 0.01 | |
| Net income (loss) | \$ (0.05) | \$ 0.11 | -145.5% |
| Cash dividends paid per share | \$ 0.1750 | \$ 0.1725 | 1.4% |

The recognition of realized investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, recognition of estimated 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. Likewise, non-recurring items which may emerge from time to time can distort the comparability of the Company's results from period to period. Accordingly, management uses net operating income, a non-GAAP financial measure, to evaluate and better explain operating performance, and believes its use enhances an understanding of Old Republic's basic business results. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

The preceding table shows both operating and net income or loss to highlight the effects of realized investment gain or loss recognition on period-to-period comparisons. The composition of realized gains shown in the preceding table is summarized below:

| | Quarters Ended March 31, | |
|--|-----------------------------|---------------|
| | 2011 | 2010 |
| Realized gains (losses) from sales of previously impaired securities: | | |
| Actual tax basis (loss) on sales | \$ - | \$ - |
| Accounting adjustment for impairment charges taken in prior periods | .4 | - |
| Net amount included herein | .4 | - |
| Net realized gains from sales of all other securities | 6.0 | 2.9 |
| Net gain (loss) from actual sales | 6.4 | 2.9 |
| Net realized losses from impairments | - | - |
| Net realized investment gains (losses) reported herein | <u>\$ 6.4</u> | <u>\$ 2.9</u> |

General Insurance Results – Operating earnings for 2011's first quarter were affected by moderately higher claim costs and the above-noted inclusion of PMA's accounts. Key indicators of quarter-over-quarter performance are shown in the following table:

| | General Insurance Group Quarters Ended March 31, | | |
|--------------------------------|---|----------------|--------------|
| | 2011 | 2010 | Change |
| Net premiums earned | \$ 532.3 | \$ 411.8 | 29.3% |
| Net investment income | 66.4 | 64.6 | 2.7 |
| Benefits and claims costs | 389.7 | 290.7 | 34.0 |
| Pretax operating income (loss) | <u>\$ 68.5</u> | <u>\$ 69.2</u> | <u>-1.1%</u> |
| Claim ratio | 73.2% | 70.6% | |
| Expense ratio | 24.9 | 26.7 | |
| Composite ratio | <u>98.1%</u> | <u>97.3%</u> | |

First quarter, 2011 inclusion of PMA-related accounts resulted in approximate increases of \$113.7 in net premiums earned, \$3.6 in net investment income, \$80.8 in benefits and claims costs, and \$10.9 in pretax operating income. The latter amount is stated after deduction of PMA's interest and general corporate expenses of \$2.5.

Excluding PMA's contribution, the remaining portion of general insurance net premiums earned reflected basically flat quarter-over-quarter comparisons. As reported for the past several years, the combination of recessionary conditions and a soft pricing environment in the commercial insurance arena has constrained premium growth. Lessened economic activity affects such factors as insureds' sales and employment levels, both of which are important elements upon which Old Republic's insurance premiums are based.

Overall general insurance underwriting performance was relatively stable in this year's first quarter. However, the consumer credit indemnity coverage which is in temporary run off and thus reflects renewal premiums from 2008 and prior production, continued to produce significantly adverse underwriting results. As a consequence, the overall general insurance claim ratio was burdened by an additional 4.3 and 3.9 percentage points in the first quarter of 2011 and 2010, respectively.

While the PMA merger produced a meaningful addition to the General Insurance segment's invested asset base, net investment income did not grow commensurably. The lower yields available for newly investable funds and the relatively short maturity configuration of the investment portfolio continued to impede revenue growth.

Mortgage Guaranty Results – Operating performance in this year's first quarter was impacted adversely by higher claim costs and much lower net investment income from a smaller invested asset base. Key indicators of this segment's quarterly results are shown in the following tables:

| | Mortgage Guaranty Group | | |
|--------------------------------|--------------------------|-----------|---------|
| | Quarters Ended March 31, | | |
| | 2011 | 2010 | Change |
| Net premiums earned | \$ 113.9 | \$ 136.2 | -16.4% |
| Net investment income | 16.6 | 23.1 | -28.0 |
| Claims costs | 212.7 | 173.3 | 22.7 |
| Pretax operating income (loss) | \$ (101.1) | \$ (34.1) | -196.6% |
| Claim ratio | 186.7% | 127.2% | |
| Expense ratio | 15.1 | 13.5 | |
| Composite ratio | 201.8% | 140.7% | |

In the first quarter of 2010, Old Republic's mortgage guaranty subsidiaries had negotiated the terminations of various captive reinsurance and pool insurance contracts. From a financial accounting standpoint, premiums obtained upon terminations of captive reinsurance agreements are recognized as income when they are received rather than being deferred to future periods when the related claim costs are expected to arise. While terminations of pool insurance contracts cause a reduction of incurred claims due to the positive effect of reserves transferred, cash outflows ensue. As a result of these transactions, net premiums earned were enhanced by \$5.4, net losses incurred were reduced by \$30.3, and net operating cash outflows of \$166.8 were sustained in last year's first quarter.

Mortgage Guaranty Group earned premiums continued to decline in the latest quarter. The reduction stemmed from lower volumes of new insurance, premium refunds related to claim rescissions, and the above noted termination of pool insurance contracts which transferred subsequent premium flows. Moreover, new business volume reflected ongoing weakness from the downturn in overall mortgage originations, industry-wide penetration of the nation's current mortgage market, and the effects of the more selective underwriting guidelines in place since late 2007.

Net investment income declined as the result of a lower invested asset base brought about by higher claim disbursements, lower premium volume, termination of insured mortgage pools, and a low yield environment for quality securities to which the investment portfolio is directed.

Apart from the effect of the aforementioned captive and pool transactions on 2010 premiums and claim costs, mortgage guaranty recurring claim costs rose by 4.4 percent in this year's first quarter. While newly reported defaults and cure rates reflected improved trends, much higher claim payments and reduced levels of claim rescissions and denials added measurably to the latest quarter's incurred claims. The following table shows the major components of incurred claim ratios with the above noted effects of captive reinsurance and pool insurance contract terminations.

| | Mortgage Guaranty Group | |
|---|-------------------------|---------------|
| | Quarters Ended | |
| | March 31, | |
| | 2011 | 2010 |
| Components of incurred claim ratio as a percent of earned premiums: | | |
| Paid claims: | | |
| Excluding captive and pool transactions | 253.0% | 114.7% |
| Captive and pool transactions | -.3 | 121.8 |
| Paid claim ratio | <u>252.7</u> | <u>236.5</u> |
| Claim reserve provisions: | | |
| Excluding captive and pool transactions | -66.1 | 41.0 |
| Captive and pool transactions | .1 | -150.3 |
| Claim reserve provision ratio | <u>-66.0</u> | <u>-109.3</u> |
| Incurred claim ratio: As reported | <u>186.7%</u> | <u>127.2%</u> |
| Excluding captive and pool transactions | <u>186.9%</u> | <u>155.7%</u> |

Production and other expenses declined by nearly 8 percent quarter-over-quarter. From an expense ratio standpoint, however, this beneficial effect was largely negated by a greater decline in the earned premium base.

Title Insurance Results – Old Republic’s title business continued to reflect the positive operating momentum that first emerged in the second quarter of 2009. Key performance indicators are shown below:

| | Title Insurance Group | | |
|--------------------------------|--------------------------|-----------------|---------------|
| | Quarters Ended March 31, | | |
| | 2011 | 2010 | Change |
| Net premiums and fees earned | \$ 332.8 | \$ 255.2 | 30.4% |
| Net investment income | 6.6 | 6.6 | .6 |
| Claims costs | 26.0 | 18.8 | 38.4 |
| Pretax operating income (loss) | <u>\$ 2.6</u> | <u>\$ (8.6)</u> | <u>130.2%</u> |
| Claim ratio | 7.8% | 7.4% | |
| Expense ratio | 93.0 | 98.5 | |
| Composite ratio | <u>100.8%</u> | <u>105.9%</u> | |

Continued growth in premiums and fees benefitted mostly from market share gains emanating from title industry dislocations and consolidation during the past three years or so. The claim ratio for this year’s first quarter was slightly elevated as it reflected moderate additions to reserve levels responding to current claim emergence trends. While production and other expenses rose by 23.6 percent quarter-over-quarter, the increase was significantly lower than the 30.4 percent growth in premiums and fees revenues.

Corporate and Other Operations – The Company’s small life and health business and the net costs associated with the parent holding company and its internal services subsidiaries produced a small loss for the first quarter of 2011. Period-to-period variations in the results posted by these relatively minor elements of Old Republic’s operations usually stem from volatility inherent to the small scale of its life and health business, fluctuations in the costs of external debt, and net interest expenses on intra-system financing arrangements.

| | Quarters Ended March 31, | | |
|----------------------------------|--------------------------|---------------|----------------|
| | 2011 | 2010 | Change |
| Life & health premiums earned | \$ 23.8 | \$ 25.1 | -5.0% |
| Net investment income | 1.7 | 1.8 | -2.9 |
| Other income | .6 | .8 | -28.6 |
| Benefits and claims | 11.6 | 11.2 | 4.1 |
| Insurance expenses | 12.6 | 12.4 | 1.5 |
| Corporate and other expenses-net | 3.2 | 2.3 | 43.1 |
| Pretax operating income (loss) | <u>\$ (1.3)</u> | <u>\$ 1.8</u> | <u>-176.3%</u> |

Cash, Invested Assets, and Shareholders' Equity – The following table reflects Old Republic's consolidated cash and invested assets as well as shareholders' equity accounts at the dates shown:

| | March 2011 | December 2010 | March 2010 | % Change | |
|---|--------------------|--------------------|-------------------|-----------------------|-------------------------|
| | | | | March '11/ Dec '10 | March '11/ March '10 |
| Cash and invested assets: Fair value basis | <u>\$ 10,891.4</u> | <u>\$ 10,490.7</u> | <u>\$ 9,985.9</u> | 3.8% | 9.1% |
| Original cost basis | <u>\$ 10,450.3</u> | <u>\$ 10,015.1</u> | <u>\$ 9,561.2</u> | 4.3% | 9.3% |
| Shareholders' equity: Total | \$ 4,050.1 | \$ 4,121.4 | \$ 3,995.8 | -1.7% | 1.4% |
| Per common share | <u>\$ 15.87</u> | <u>\$ 16.16</u> | <u>\$ 16.90</u> | -1.8% | -6.1% |
| Composition of shareholders' equity per share: | | | | | |
| Equity before items below | \$ 14.14 | \$ 14.36 | \$ 14.92 | -1.5% | -5.2% |
| Unrealized investment gains (losses) and other accumulated comprehensive income (loss) | 1.73 | 1.80 | 1.98 | | |
| Total | <u>\$ 15.87</u> | <u>\$ 16.16</u> | <u>\$ 16.90</u> | -1.8% | -6.1% |

Consolidated cash flow from operating activities produced a deficit of \$52.1 for the first three months of 2011 compared to a deficit of \$19.3 for the same period of 2010.

The consolidated investment portfolio reflects a current allocation of approximately 80 percent to fixed-maturity securities and 6 percent to equities. As has been the case for many years, Old Republic's invested assets are managed in consideration of enterprise-wide risk management objectives. These are intended to assure solid funding of its insurance subsidiaries' long-term obligations to policyholders and other beneficiaries, and the necessary long-term stability of capital accounts. The consolidated cash and invested assets base at March 31, 2011 is inclusive of net proceeds of approximately \$537 from the issuance of 3.75 percent Convertible Senior Notes due 2018 which were sold in early March 2011.

The investment portfolio contains no significant direct insurance risk-correlated asset exposures to real estate, mortgage-backed securities, collateralized debt obligations ("CDO's"), derivatives, junk bonds, hybrid securities, or illiquid private equity investments. In a similar vein, the Company does not engage in hedging or securities lending transactions, nor does it invest in securities whose values are predicated on non-regulated financial instruments exhibiting amorphous or unfunded counter-party risk attributes.

Old Republic's equity investments include common stock holdings in two leading publicly held mortgage guaranty ("MI") businesses (MGIC Investment Corp. and The PMI Group). These securities were acquired in 2007 and 2008 as passive long-term investment additions for a core segment of Old Republic's business in anticipation of a cyclical recovery of the MI industry in 2010. In management's judgment, the past three years' depressed market valuations of companies operating in the housing and mortgage-lending sectors of the American economy have been impacted significantly by cyclical and macroeconomic conditions affecting these sectors, and by the systemic dysfunctionality of the banking and mortgage-lending industries. As shown in the following table, the March 31, 2011 aggregate fair value of the two securities was still significantly below their original cost but approximately 92 percent above the other-than-temporarily-impaired level to which they were written down in 2008.

| | As of and for Periods Ended: | | |
|--|------------------------------|-----------------|-----------------|
| | March 31, | December 31 | |
| | 2011 | 2010 | 2009 |
| Total value of the two MI investments: Original cost | \$ 313.2 | \$ 313.2 | \$ 416.4 |
| Impaired cost | 75.6 | 75.6 | 106.8 |
| Fair value | 144.8 | 167.9 | 130.7 |
| Underlying equity(*) | <u>\$ 124.4</u> | <u>\$ 136.2</u> | <u>\$ 274.6</u> |
| Pretax other-than-temporary impairments recorded in income statement of the period | \$ - | \$ - | \$ - |
| Pretax unrealized investment gains (losses) recorded directly in shareholders' equity account: | | | |
| For the period | \$ (23.0) | \$ 68.4 | \$ 48.0 |
| Cumulatively | <u>\$ 69.2</u> | <u>\$ 92.3</u> | <u>\$ 23.9</u> |

(*) Underlying equity based on latest reports (which may lag by one quarter) issued by investees.

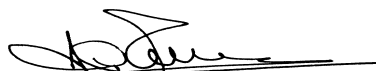
Substantially all changes in the shareholders' equity account reflect the Company's net income or loss, dividend payments to shareholders, and impairments or changes in market valuations of invested assets during the periods shown below:

| | Shareholders' Equity Per Share | |
|--|--------------------------------|-----------------|
| | Quarters Ended March 31, | |
| | 2011 | 2010 |
| Beginning balance | \$ 16.16 | \$ 16.49 |
| Changes in shareholders' equity: | | |
| Net operating income (loss) | (0.07) | 0.10 |
| Net realized investment gains (losses): | | |
| From sales | 0.02 | 0.01 |
| From impairments | - | - |
| Subtotal | 0.02 | 0.01 |
| Net unrealized investment gains (losses) | (0.09) | 0.47 |
| Total realized and unrealized investment gains (losses) | (0.07) | 0.48 |
| Cash dividends | (0.17) | (0.17) |
| Stock issuance, foreign exchange, and other transactions | 0.02 | - |
| Net change | (0.29) | 0.41 |
| Ending balance | <u>\$ 15.87</u> | <u>\$ 16.90</u> |

Outlook

The outlook for our business is unchanged from that cited in our year-end 2010 report to the shareholders. Our commercial lines general insurance segment should respond favorably as the U.S. economy gains strength. Mortgage guaranty's opportunity to move into the profit column should improve once housing values stabilize, foreclosure levels decline significantly, and employment levels rise on the strength of an improving economy. In our third major segment of title insurance, profitability should gain momentum as the number of housing transactions grows. All in all, however, we expect Old Republic's overall business profitability to remain relatively challenged for the rest of the year.

Respectfully submitted on behalf of the Company
and its Board of Directors,



Chicago, Illinois
April 28, 2011

Aldo C. Zucaro
Chairman and Chief Executive Officer

Old Republic International Corporation
Summary Financial Statements and Common Stock Statistics (Unaudited)

| SUMMARY BALANCE SHEETS: | March 31, 2011 | December 31, 2010 | March 31, 2010 |
|---|---------------------------|------------------------------|---------------------------|
| Assets: | | | |
| Cash and fixed maturity securities | \$ 10,072.1 | \$ 9,663.6 | \$ 9,210.7 |
| Equity securities | 666.8 | 672.4 | 631.4 |
| Other invested assets | 152.4 | 154.7 | 143.8 |
| Cash and invested assets | <u>10,891.4</u> | <u>10,490.7</u> | <u>9,985.9</u> |
| Accounts and premiums receivable | 1,051.6 | 1,022.9 | 794.4 |
| Federal income tax recoverable: Current | 40.5 | 44.6 | .4 |
| Deferred | 74.8 | 45.3 | - |
| Reinsurance balances recoverable | 3,246.6 | 3,262.5 | 2,595.9 |
| Prepaid federal income taxes | 63.5 | 102.9 | 136.0 |
| Sundry assets | 934.9 | 913.4 | 728.0 |
| Total | <u>\$ 16,303.6</u> | <u>\$ 15,882.7</u> | <u>\$ 14,240.9</u> |
| Liabilities and Shareholders' Equity: | | | |
| Policy liabilities | \$ 1,462.4 | \$ 1,424.9 | \$ 1,227.5 |
| Benefit and claim reserves | 8,722.0 | 8,814.6 | 7,774.8 |
| Federal income tax payable: Deferred | - | - | 102.8 |
| Debt | 1,021.5 | 475.0 | 347.2 |
| Sundry liabilities | 1,047.4 | 1,046.7 | 792.5 |
| Shareholders' equity | 4,050.1 | 4,121.4 | 3,995.8 |
| Total | <u>\$ 16,303.6</u> | <u>\$ 15,882.7</u> | <u>\$ 14,240.9</u> |

| SUMMARY INCOME STATEMENTS: | Quarters Ended | | Fiscal Twelve Months Ended | |
|--|-----------------------|----------------|-----------------------------------|------------------|
| | March 31, | | March 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| Net premiums and fees earned | \$ 1,003.0 | \$ 828.5 | \$ 3,748.0 | \$ 3,440.0 |
| Net investment income | 91.5 | 96.2 | 374.2 | 386.3 |
| Other income | 28.5 | 4.8 | 64.6 | 21.9 |
| Net realized investment gains (losses) | 6.4 | 2.9 | 112.6 | 9.3 |
| Total revenues | <u>1,129.5</u> | <u>932.6</u> | <u>4,299.7</u> | <u>3,857.7</u> |
| Benefits and claims | 640.2 | 494.1 | 2,411.4 | 2,441.0 |
| Sales and other expenses | 514.2 | 407.1 | 1,916.8 | 1,566.1 |
| Total expenses | <u>1,154.4</u> | <u>901.3</u> | <u>4,328.2</u> | <u>4,007.2</u> |
| Pretax income (loss) | (24.9) | 31.2 | (28.5) | (149.5) |
| Income taxes (credits) | (11.9) | 6.2 | (20.7) | (129.3) |
| Net income (loss) | <u>\$ (12.9)</u> | <u>\$ 25.0</u> | <u>\$ (7.8)</u> | <u>\$ (20.1)</u> |

| COMMON STOCK STATISTICS: | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Net income (loss): Basic | \$ (.05) | \$.11 | \$ (.03) | \$ (.08) |
| Diluted | <u>\$ (.05)</u> | <u>\$.11</u> | <u>\$ (.03)</u> | <u>\$ (.08)</u> |
| Components of earnings per share: | | | | |
| Basic, net operating income (loss) | \$ (.07) | \$.10 | \$ (.33) | \$ (.33) |
| Realized investment gains (losses) | .02 | .01 | .30 | .25 |
| Basic net income (loss) | <u>\$ (.05)</u> | <u>\$.11</u> | <u>\$ (.03)</u> | <u>\$ (.08)</u> |
| Diluted, net operating income (loss) | \$ (.07) | \$.10 | \$ (.33) | \$ (.33) |
| Realized investment gains (losses) | .02 | .01 | .30 | .25 |
| Diluted net income (loss) | <u>\$ (.05)</u> | <u>\$.11</u> | <u>\$ (.03)</u> | <u>\$ (.08)</u> |
| Cash dividends on common stock | <u>\$.1750</u> | <u>\$.1725</u> | <u>\$.6925</u> | <u>\$.6825</u> |
| Book value per share | | | <u>\$ 15.87</u> | <u>\$ 16.90</u> |
| Common shares outstanding: | | | | |
| Average basic | <u>254,769,513</u> | <u>236,387,779</u> | <u>245,649,706</u> | <u>236,163,864</u> |
| Average diluted | <u>254,769,513</u> | <u>236,462,231</u> | <u>245,649,706</u> | <u>236,163,864</u> |
| Actual, end of period | | | <u>255,223,642</u> | <u>236,466,473</u> |

| SUMMARY STATEMENTS OF COMPREHENSIVE INCOME (LOSS): | | | | |
|---|------------------|-----------------|------------------|-----------------|
| Net income (loss) as reported | \$ (12.9) | \$ 25.0 | \$ (7.8) | \$ (20.1) |
| Post-tax net unrealized gains (losses) | (22.9) | 111.5 | (32.7) | 497.5 |
| Other adjustments | 5.5 | 3.1 | 5.9 | 21.8 |
| Net adjustments | (17.3) | 114.6 | (26.8) | 519.3 |
| Comprehensive income (loss) | <u>\$ (30.3)</u> | <u>\$ 139.7</u> | <u>\$ (34.6)</u> | <u>\$ 499.2</u> |

Old Republic International Corporation

Segmented Operating Summary (Unaudited)

| | Net Premiums & Fees Earned | Net Investment Income | Other Income | Operating Revenues | Benefits & Claims | Sales & Other Expenses | Total Expenses | Pretax Operating Income (Loss) | Composite Under- writing Ratios |
|-------------------------------------|-------------------------------------|-----------------------------|-----------------|-----------------------|----------------------|------------------------------|-------------------|---|--|
| Quarter Ended March 31, 2011 | | | | | | | | | |
| General | \$ 532.3 | \$ 66.4 | \$ 26.8 | \$ 625.5 | \$ 389.7 | \$ 167.2 | \$ 557.0 | \$ 68.5 | 98.1% |
| Mortgage | 113.9 | 16.6 | .5 | 131.2 | 212.7 | 19.6 | 232.4 | (101.1) | 201.8 |
| Title | 332.8 | 6.6 | .4 | 339.9 | 26.0 | 311.3 | 337.3 | 2.6 | 100.8 |
| Other | 23.8 | 1.7 | .6 | 26.2 | 11.6 | 15.9 | 27.6 | (1.3) | - |
| Consolidated | \$ 1,003.0 | \$ 91.5 | \$ 28.5 | \$ 1,123.0 | \$ 640.2 | \$ 514.2 | \$ 1,154.4 | \$ (31.4) | 110.8% |

Quarter Ended March 31, 2010

| | | | | | | | | | |
|--------------|----------|---------|--------|----------|----------|----------|----------|---------|--------|
| General | \$ 411.8 | \$ 64.6 | \$ 2.6 | \$ 479.1 | \$ 290.7 | \$ 119.1 | \$ 409.8 | \$ 69.2 | 97.3% |
| Mortgage | 136.2 | 23.1 | 1.1 | 160.5 | 173.3 | 21.2 | 194.6 | (34.1) | 140.7 |
| Title | 255.2 | 6.6 | .1 | 262.0 | 18.8 | 251.9 | 270.7 | (8.6) | 105.9 |
| Other | 25.1 | 1.8 | .8 | 27.8 | 11.2 | 14.7 | 26.0 | 1.8 | - |
| Consolidated | \$ 828.5 | \$ 96.2 | \$ 4.8 | \$ 929.6 | \$ 494.1 | \$ 407.1 | \$ 901.3 | \$ 28.3 | 107.0% |

Fiscal Twelve Months Ended March 31, 2011

| | | | | | | | | | |
|--------------|------------|----------|---------|------------|------------|------------|------------|------------|--------|
| General | \$ 1,902.7 | \$ 261.9 | \$ 56.7 | \$ 2,221.3 | \$ 1,460.8 | \$ 588.5 | \$ 2,049.3 | \$ 172.0 | 102.9% |
| Mortgage | 476.5 | 78.5 | 4.1 | 559.1 | 805.6 | 81.4 | 887.0 | (327.8) | 183.9 |
| Title | 1,288.6 | 26.6 | 1.5 | 1,316.7 | 104.1 | 1,191.9 | 1,296.0 | 20.7 | 100.0 |
| Other | 80.1 | 7.2 | 2.3 | 89.7 | 40.8 | 54.9 | 95.8 | (6.0) | - |
| Consolidated | \$ 3,748.0 | \$ 374.2 | \$ 64.6 | \$ 4,187.0 | \$ 2,411.4 | \$ 1,916.8 | \$ 4,328.2 | \$ (141.2) | 112.2% |

Fiscal Twelve Months Ended March 31, 2010

| | | | | | | | | | |
|--------------|------------|----------|---------|------------|------------|------------|------------|------------|--------|
| General | \$ 1,737.0 | \$ 260.1 | \$ 10.9 | \$ 2,008.1 | \$ 1,309.1 | \$ 487.7 | \$ 1,796.8 | \$ 211.2 | 101.5% |
| Mortgage | 635.4 | 92.7 | 7.1 | 735.3 | 1,016.9 | 94.2 | 1,111.2 | (375.9) | 172.6 |
| Title | 989.4 | 25.9 | .5 | 1,015.9 | 78.8 | 934.5 | 1,013.3 | 2.5 | 101.6 |
| Other | 78.0 | 7.4 | 3.3 | 88.9 | 36.0 | 49.6 | 85.7 | 3.2 | - |
| Consolidated | \$ 3,440.0 | \$ 386.3 | \$ 21.9 | \$ 3,848.3 | \$ 2,441.0 | \$ 1,566.1 | \$ 4,007.2 | \$ (158.8) | 114.6% |

Old Republic International Corporation
Segmented Operating Statistics

| | Quarters Ended | | Fiscal Twelve Months Ended | |
|--|----------------|----------|----------------------------|-------------|
| | March 31, | | March 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| General Insurance: | | | | |
| Benefits and claim ratio | 73.2% | 70.6% | 76.8% | 75.4% |
| Expense ratio | 24.9 | 26.7 | 26.1 | 26.1 |
| Composite ratio | 98.1% | 97.3% | 102.9% | 101.5% |
| Paid loss ratio | 70.5% | 69.3% | 78.3% | 73.6% |
| Mortgage Guaranty: | | | | |
| New insurance written: | | | | |
| Traditional Primary | \$ 688.2 | \$ 748.3 | \$ 3,930.0 | \$ 6,435.5 |
| Bulk | - | - | - | - |
| Other | - | - | - | - |
| Total | \$ 688.2 | \$ 748.3 | \$ 3,930.0 | \$ 6,435.5 |
| Risk in force: | | | | |
| Traditional Primary | | | \$ 16,058.7 | \$ 18,209.6 |
| Bulk | | | 1,149.5 | 1,507.4 |
| Other | | | 248.6 | 274.8 |
| Total | | | \$ 17,457.0 | \$ 19,991.9 |
| By loan type: | | | | |
| Traditional Primary: | | | | |
| Fixed rate & ARMS with resets >= 5 years | | | 96.8% | 96.4% |
| ARMS with resets < 5 years | | | 3.2% | 3.6% |
| Bulk: | | | | |
| Fixed rate & ARMS with resets >= 5 years | | | 69.8% | 72.6% |
| ARMS with resets < 5 years | | | 30.2% | 27.4% |
| Balance Sheet Leverage Ratios (b): | | | | |
| Risk to Capital Ratio - | | | | |
| Performing risk basis | | | 31.6:1 | 23.2:1 |
| Total Financial Resources | | | | |
| to Risk Ratio | | | 11.7% | 12.6% |
| Earned premiums: | | | | |
| Direct | \$ 120.0 | \$ 145.8 | \$ 503.8 | \$ 624.1 |
| Net | \$ 113.9 | \$ 136.2 | \$ 476.5 | \$ 635.4 |
| Persistency: | | | | |
| Traditional Primary | | | 81.6% | 83.6% |
| Bulk | | | 86.3% | 88.3% |
| Delinquency ratio: | | | | |
| Traditional Primary | | | 14.47% | 16.89% |
| Bulk | | | 25.47% | 28.72% |
| Claim ratio | 186.7% | 127.2% | 169.1% | 160.0% |
| Expense ratio | 15.1 | 13.5 | 14.8 | 12.6 |
| Composite ratio | 201.8% | 140.7% | 183.9% | 172.6% |
| Paid loss ratio | 252.7% | 236.5% | 225.5% | 113.0% |
| Title Insurance: | | | | |
| Direct orders opened | 80,317 | 80,523 | 376,758 | 349,621 |
| Direct orders closed | 65,417 | 60,034 | 289,133 | 272,355 |
| Reserves to paid losses ratio (b) | | | 4.6:1 | 4.6:1 |
| Claim ratio | 7.8% | 7.4% | 8.1% | 8.0% |
| Expense ratio | 93.0 | 98.5 | 91.9 | 93.6 |
| Composite ratio | 100.8% | 105.9% | 100.0% | 101.6% |
| Paid loss ratio | 5.1% | 7.6% | 5.7% | 8.0% |
| Consolidated: | | | | |
| Benefits and claim ratio | 63.8% | 59.6% | 64.3% | 71.0% |
| Expense ratio | 47.0 | 47.4 | 47.9 | 43.6 |
| Composite ratio | 110.8% | 107.0% | 112.2% | 114.6% |
| Paid loss ratio | 69.0% | 77.1% | 71.5% | 61.3% |

Old Republic Common Stock (a)(f)

| Year | Stock Market Quotes | | | (c) Period to Price Change | (c)(g) Dividend Yield | (c) Total Market Return | (g) Cash Dividends Paid | (d) Net Operating Income (Loss) | Net Income (Loss) | End of Period Book Value | (c) Total Book Return | Ratio of Closing Price to | |
|--------------------------------------|---------------------|----------|----------|-------------------------------------|-----------------------------|----------------------------------|----------------------------------|---|-------------------------|-----------------------------------|--------------------------------|--------------------------------------|-------------------------|
| | High* | Low* | Close | | | | | | | | | Net Operating Income (Loss) | Ending Book Value |
| 2001 | \$ 17.07 | \$ 12.08 | \$ 14.93 | -12.5% | 1.8% | -10.7% | \$.31 | \$ 1.46 | \$ 1.54 | \$ 12.48 | 16.4% | 10.2x | 1.2x |
| 2002 | 18.52 | 13.48 | 14.93 | - | 2.2 | 2.2 | .34 | 1.68 | 1.73 | 13.96 | 14.5 | 8.9 | 1.1 |
| 2003 | 20.63 | 13.22 | 20.29 | 35.9 | 5.9 | 41.8 | .89 | 1.95 | 2.01 | 15.65 | 18.6 | 10.4 | 1.3 |
| 2004 | 21.75 | 17.10 | 20.24 | -2 | 2.0 | 1.8 | .40 | 1.75 | 1.89 | 16.94 | 10.8 | 11.6 | 1.2 |
| 2005 | 22.44 | 17.85 | 21.01 | 3.8 | 6.5 | 10.3 | 1.31 | 2.19 | 2.37 | 17.53 | 11.2 | 9.6 | 1.2 |
| 2006 | 23.50 | 20.20 | 23.28 | 10.8 | 2.8 | 13.6 | .59 | 1.94 | 1.99 | 18.91 | 11.3 | 12.0 | 1.2 |
| 2007 | 23.51 | 13.73 | 15.41 | -33.8 | 2.7 | -31.1 | .63 | .97 | 1.17 | 19.71 | 7.5 | 15.9x | .8 |
| 2008 | 17.25 | 6.77 | 11.92 | -22.6 | 4.3 | -18.3 | .67 | (.81) | (2.41) | 15.91 | -15.9 | N/M | .7 |
| 2009 | 12.85 | 7.24 | 10.04 | -15.8 | 5.7 | -10.1 | .68 | (.67) | (.42) | 16.49 | 7.9 | N/M | .6 |
| 2010 | \$ 15.50 | \$ 10.02 | \$ 13.63 | 35.8% | 6.9% | 42.7% | \$.69 | \$ (.16) | \$.13 | \$ 16.16 | 2.2% | N/M | .8x |
| 10 Year Average | - | - | - | -2.2% | - | 1.8% | - | - | - | - | 8.0% | N/M | 1.0x |
| Fiscal Twelve Months Ended March 31, | | | | | | | | | | | | | |
| 2011 | \$ 15.50 | \$ 11.62 | \$ 12.69 | .1% | 5.5% | 5.6% | .69 | (\$.33) | (\$.03) | \$ 15.87 | -2.0% | N/M | .8x |

* Represents the high and low closing price for years through 2007. 2008 and subsequent years represent the intraday high and low sales price.

Old Republic's Long-Term Performance

| Year | At Year End | | | For The Year | | | | | | |
|--------------------------------------|-----------------|------------------------------|-----------------------------------|---------------------------|-----------------------------|--------------------------|--------------------------------------|-------------------------|---------------------------|------------------------------------|
| | Total Assets | Cash & Invested Assets | Common Shareholders' Equity | Net Premiums & Fees | Net Investment Income | (e) Total Revenues | Net Operating Income (Loss) | Net Income (Loss) | Operating Cash Flow | Composite Underwriting Ratio |
| 2001 | \$ 7,920.2 | \$ 5,249.5 | \$ 2,783.7 | \$ 2,029.5 | \$ 274.7 | \$ 2,373.4 | \$ 330.7 | \$ 346.9 | \$ 436.1 | 88.9% |
| 2002 | 8,715.4 | 5,776.6 | 3,155.8 | 2,423.9 | 272.6 | 2,756.4 | 383.8 | 392.9 | 583.8 | 88.1 |
| 2003 | 9,712.3 | 6,402.6 | 3,553.6 | 2,936.0 | 279.2 | 3,285.8 | 447.2 | 459.8 | 665.3 | 86.4 |
| 2004 | 10,570.8 | 7,020.2 | 3,865.6 | 3,116.1 | 290.8 | 3,491.6 | 404.1 | 435.0 | 775.5 | 89.3 |
| 2005 | 11,543.2 | 7,394.1 | 4,024.0 | 3,386.9 | 310.1 | 3,805.9 | 509.1 | 551.4 | 833.6 | 88.5 |
| 2006 | 12,612.2 | 8,230.8 | 4,369.2 | 3,400.5 | 341.6 | 3,794.2 | 452.4 | 464.8 | 1,004.7 | 90.0 |
| 2007 | 13,290.6 | 8,924.0 | 4,541.6 | 3,601.2 | 379.9 | 4,091.0 | 226.7 | 272.4 | 862.5 | 101.5 |
| 2008 | 13,266.0 | 8,855.1 | 3,740.3 | 3,318.1 | 377.3 | 3,237.7 | (188.1) | (558.3) | 565.6 | 120.9 |
| 2009 | 14,190.0 | 9,879.0 | 3,891.4 | 3,388.9 | 383.5 | 3,803.6 | (157.2) | (99.1) | 532.9 | 118.5 |
| 2010 | \$ 15,882.7 | \$ 10,490.7 | \$ 4,121.4 | \$ 3,573.5 | \$ 379.0 | \$ 4,102.7 | \$ (40.6) | \$ 30.1 | \$ (282.2) | 111.4% |
| Fiscal Twelve Months Ended March 31, | | | | | | | | | | |
| 2011 | \$ 16,303.6 | \$ 10,891.4 | \$ 4,050.1 | \$ 3,748.0 | \$ 374.2 | \$ 4,299.7 | \$ (81.0) | \$ (7.8) | \$ (314.9) | 112.2% |

Quarterly Statistics Per Share (a)(f)

| | Stock Market Sales Prices | | | Net Operating Income (Loss) | Net Income (Loss) | Cash Dividends | Ending Book Value With Securities at | |
|-----------------|---------------------------|----------|----------|--------------------------------------|-------------------------|-------------------|---|----------|
| | High | Low | Close | | | | Market | Cost |
| 1st Quarter '09 | \$ 12.80 | \$ 7.24 | \$ 10.82 | \$ (.23) | \$ (.23) | .1700 | \$ 15.47 | \$ 15.51 |
| 2nd Quarter '09 | 12.18 | 8.75 | 9.85 | (.21) | (.07) | .1700 | 15.93 | 15.31 |
| 3rd Quarter '09 | 12.85 | 8.98 | 12.18 | (.05) | .03 | .1700 | 16.77 | 15.21 |
| 4th Quarter '09 | 12.49 | 10.03 | 10.04 | (.17) | (.15) | .1700 | 16.49 | 14.89 |
| Year '09 | 12.85 | 7.24 | 10.04 | \$ (.67) | \$ (.42) | .6800 | | |
| 1st Quarter '10 | 12.75 | 10.02 | 12.68 | \$.10 | \$.11 | .1725 | 16.90 | 14.83 |
| 2nd Quarter '10 | 15.50 | 12.11 | 12.13 | .05 | .23 | .1725 | 16.84 | 14.90 |
| 3rd Quarter '10 | 14.06 | 11.78 | 13.85 | (.17) | (.16) | .1725 | 17.05 | 14.57 |
| 4th Quarter '10 | 14.18 | 12.42 | 13.63 | (.12) | (.05) | .1725 | 16.16 | 14.28 |
| Year '10 | 15.50 | 10.02 | 13.63 | \$ (.16) | \$.13 | .6900 | | |
| 1st Quarter '11 | \$ 13.92 | \$ 11.62 | \$ 12.69 | \$ (.07) | \$ (.05) | .1750 | \$ 15.87 | \$ 14.08 |

N/M = Not meaningful

Notes to Financial Summaries

(\$ in Millions, Except Share Data)

(a) **All per share statistics** herein have been adjusted to reflect all stock dividends or splits declared through March 31, 2011. In calculating book value and earnings per share, accounting rules require that common shares owned by the Company's Employee Savings and Stock Ownership Plan that are as yet unallocated to participants in the plan be excluded from the calculation. Such shares are issued and outstanding, have the same voting and other rights applicable to all other common shares, and may be sold at any time by the plan.

(b) Old Republic monitors certain balance sheet leverage and trends therein through these ratios with respect to its mortgage guaranty (b - 1 & 2) and title (b - 3) segments:

1 - Risk to Capital Ratio – Performing risk basis: This ratio measures the Company's outstanding net risk in force only on those mortgage loans that are current as to principal and interest in relation to total statutory capital. This ratio excludes non-performing risk exposures (i.e. the outstanding risk on reported loans in default) for which the expected ultimate loss cost has been recognized through the establishment of claim reserves. The Company believes this ratio better matches available statutory capital with the portion of the risk in force for which no claim reserves are required.

2 - Total Financial Resources to Risk Ratio: This ratio measures all of the claim resources available to the Company, including statutory capital, and claim and unearned premium reserves in relation to total net risk in force. The Company believes this ratio is conceptually similar to a banking institution's capital to assets leverage ratio, whereby the non-balance sheet value of a mortgage guaranty insurer's net risk in force is related to total balance sheet resources available to meet estimated losses from outstanding risk exposures.

3 - The Title Reserves to Paid Losses Ratio represents average paid losses for the most recent five years divided into claim reserves at the end of any one year or interim period. The higher this ratio, the greater is a title insurer's ability to meet obligations to its assureds.

(c) **Total market return** has been calculated as the sum of the year to year increase or decrease in the closing price, and of the dividend yield for each year as a percentage of the closing price at the end of the preceding year. The total return shown would be higher if an interest factor were also applied to the reinvestment of cash dividends. **Total book return** represents the sum of each year's dividend yield as a percentage of beginning book value per share, plus the percentage change in each year's book value per share.

Ten year average market and book basis returns represent compounded annual rates.

(d) **Net operating income (loss)** is defined as net income (loss) before realized investment gains or losses, extraordinary items, and accounting changes.

(e) **Total revenues** include pretax realized investment gains or losses.

(f) Old Republic's common stock is traded on the New York Stock Exchange under the symbol "ORI".

(g) In December 2003 and 2005, special cash dividends of \$.534 and \$.800 per share, respectively, were declared and paid.

OTHER INFORMATION

Historical data pertaining to the operating results, liquidity, and other performance 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 and other claims can have a bearing on period-to-period comparisons and future operating results.

Some of the oral or written statements made in the Company's reports, press releases, and conference calls following earnings releases, can constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Of necessity, any such forward-looking statements 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 affected by similar factors, and 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, in particular, may also be affected 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 holding 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.

A more detailed listing and discussion of the risks and other factors which affect the Company's risk-taking insurance business are included in Part I, Item 1A - Risk Factors, of the Company's 2010 Form 10-K annual report to the Securities and Exchange Commission, which Item is specifically incorporated herein by reference.

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

This quarterly Report to the Shareholders is published to provide the latest information about Old Republic's business operations. More detailed information, including financial statement footnotes setting forth accounting policies, is presented in the Company's Annual Report sent to shareholders of record, and in its quarterly and annual reports to the Securities and Exchange Commission. These reports can be accessed on Old Republic's web site at www.oldrepublic.com, or obtained by writing to the Company in care of its Investor Relations Department.

Neither the Annual Report nor the Quarterly Report are intended to represent solicitations or offers to buy or sell the Corporation's securities.



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