

# NEWS RELEASE

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**OLD REPUBLIC** INTERNATIONAL CORPORATION

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**FOR IMMEDIATE RELEASE  
WEDNESDAY, MARCH 21, 2012**

**NYSE: ORI**

## **OLD REPUBLIC COMBINES ITS MORTGAGE GUARANTY AND CONSUMER CREDIT INDEMNITY BUSINESSES**

**CHICAGO – March 21, 2012 - Old Republic International Corporation (NYSE: ORI)** today announced it is combining its Consumer Credit Indemnity (CCI) division with its Mortgage Guaranty (MI) segment. The two operations offer similar insurance coverages, share the same senior management leadership, and have been operating in run-off mode since 2008 and August 2011, respectively. With this action, the Old Republic Mortgage Guaranty Group (ORMGG) has been re-named the Republic Financial Indemnity Group, Inc. (RFIG). RFIG will include a credit indemnity insurer, three existing mortgage insurers, and four related services entities, all of which will be separately held.

Recessionary conditions in U.S. housing finance beginning in 2007 have erased the long-term profitability of the MI and CCI insurance lines and led to substantial losses. As a result, capital funds identified with these lines at year-end 2006 have been fully depleted. While Old Republic maintains a long-term strategic interest in these lines, it has stopped additional capital funding for them since they no longer meet its enterprise risk management disciplines and business diversification objectives. These circumstances also reinforce Old Republic's resolve to: 1) safeguard policyholders' interests in its general (property and liability), title, and life & health insurance subsidiaries by maintaining long-established protective barriers around these companies; and 2) protect economic values inuring to the Company's debt holders and shareholders.

In consideration of all these factors, Old Republic's management and board of directors have concluded that a necessary future recapitalization of the combined business can best be effected by separating these operations from the ORI holding company. Combining the MI and CCI lines, while maintaining their separateness within RFIG, provides the corporate structure to achieve this. Management and the board are evaluating alternative approaches to most effectively and economically achieve these objectives and expect to announce a plan in the near term.

## Financial Supplement/Statistical Exhibit

The plan will require certain regulatory approvals, including the authorization of various inter-company general insurance agreements for the CCI line, and the transfer of a small general insurance subsidiary to RFIG. In anticipation of executing the plan, several explanatory pro forma financial schedules have been developed to portray the likely effects a separation of the MI and CCI lines would have on Old Republic's segmented and consolidated financial statements. The schedules are included in a Statistical Exhibit posted on the Company's website: [www.oldrepublic.com](http://www.oldrepublic.com). Here is a listing of the schedules and their content:

- Schedule A - *Pro Forma Summary Statement of Financial Condition of the Reconstituted Republic Financial Indemnity Group, Inc. (RFIG) as of December 31, 2011* - These summary statements reflect the early 2012 combination of the CCI division and related capital transactions.
- Schedule B - *Pro Forma Summary Statement of Financial Condition of Old Republic International Corporation as of December 31, 2011, reflecting a separation of RFIG (shown in Schedule A)* - These statements reflect the early 2012 combination of the CCI division with the MI segment and its pro forma separation from ORI.
- Schedule C - *Pro Forma Summary Income Statements of the Reconstituted RFIG for the Five Years ended December 31, 2011* - These statements show the combination of historical MI and CCI results. The CCI line has been a division of the Old Republic General Insurance Group, Inc. since it was established in 1954.
- Schedule C-1 - *Pro Forma Summary Income Statements of the Reconstituted RFIG for Each Quarter of 2011* - These statements reflect all the factors considered in Schedule C and provide appropriate comparisons for ORI's forthcoming quarterly financial reports in 2012.
- Schedule D - *Pro Forma Summary Income Statements of the Old Republic General Insurance Group, Inc., for the Five Years ended December 31, 2011* - These statements reflect the historical General Insurance segment results with and without the CCI division.
- Schedule D-1 - *Pro Forma Summary Income Statements of the Old Republic General Insurance Group, Inc. for Each Quarter of 2011* - These statements reflect all the factors considered in Schedule D and provide appropriate comparisons for ORI's forthcoming quarterly financial reports in 2012.
- Schedule E - *Pro Forma Consolidated Summary Income Statements of Old Republic International Corporation for the Five Years ended December 31, 2011* - These statements reflect the historical Old Republic consolidated results with and without the reconstituted RFIG.



- Schedule E-1 - *Pro Forma Consolidated Summary Income Statements of Old Republic International Corporation for Each Quarter of 2011* - These statements reflect all the factors considered in Schedule E and provide appropriate comparisons for ORI's forthcoming quarterly financial reports in 2012.
- Schedule F - *Sources of Dividend Paying Capacity, Dividends Received, and Dividends Paid by Old Republic International Corporation and Subsidiaries for the five years ended December 31, 2011*

## **Conference Call Information**

Old Republic has scheduled a conference call at 3:00 p.m. EDT (2:00 p.m. CDT) tomorrow, Thursday, March 22, 2012, to discuss this news release. To access this call, please log on to the Company's website at [www.oldrepublic.com](http://www.oldrepublic.com) 15 minutes before the call to download the necessary software.

Investors may access a replay of the call by dialing 1-877-870-5176, passcode 6463320, which will be available through March 29, 2012. The replay will also be available on Old Republic International's website.

## **About Old Republic**

Chicago-based Old Republic International Corporation is one of the nation's 50 largest publicly held insurance organizations. Its most recent financial statements reflect consolidated assets of approximately \$16.0 billion and common shareholders' equity of \$3.77 billion, or \$14.76 per share. Its current stock market valuation is approximately \$2.7 billion, or \$10.56 per share.

The Company is organized as an insurance holding company whose subsidiaries actively market, underwrite, and provide risk management services for a wide variety of coverages mostly in the general and title insurance fields. A long-term interest in mortgage guaranty and consumer credit indemnity lines has devolved to a run-off operating mode in recent times.

The nature of Old Republic's business requires that it be managed for the long run. For the 25 years ended in 2011, the Company's total market return, with dividends reinvested, has grown at a compound annual rate of 9.1 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 9.3 percent compound annual rate. During those years, Old Republic's shareholders' equity account, including cash dividends, has risen at an average annual rate of 10.8 percent per share, and the regular cash dividend has grown at a 10.0 percent compound annual rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 91 qualifying companies, out of several thousand publicly held U.S. corporations, that have posted at least 25 consecutive years of annual dividend increases.

## **Safe Harbor Statement**

Historical data on the operating results, liquidity, and other performance indicators applicable to an insurance enterprise such as Old Republic do not necessarily indicate future results. In addition to the factors cited in the next paragraph, the following items can affect period-to-period comparisons in future operating performance: the long-term nature of the insurance business,

changes in 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.

Some of the oral or written statements made in the Company's reports, news 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 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 particularly affected by the level of market competition—which is typically a function of available capital and expected returns on 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 lapsed policy rates. At the parent holding company level, operating earnings or losses generally reflect 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 that affect Old Republic's risk-taking insurance business are included in Part I, Item 1A - Risk Factors, of the 2011 Form 10-K report; and Part II, Item 1A - Risk Factors, of its most recent Form 10-Q report to the Securities and Exchange Commission. These reports are specifically incorporated here by reference.

Any forward-looking statements or commentaries speak only as of the dates they were made. 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.

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***For the latest news releases and other corporate documents on  
Old Republic International, visit [www.oldrepublic.com](http://www.oldrepublic.com).***





**OLD REPUBLIC** INTERNATIONAL CORPORATION

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**Financial Supplement & Statistical Exhibit  
(There are 20 pages in this Supplement)**

**to**

**News Release Dated March 21, 2012**

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[www.oldrepublic.com](http://www.oldrepublic.com)

**Financial Supplement & Statistical Exhibit to Old Republic  
International Corporation's News Release of March 21, 2012**

**OLD REPUBLIC COMBINES ITS MORTGAGE GUARANTY  
AND CONSUMER CREDIT INDEMNITY BUSINESSES**

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**OVERVIEW**

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The following schedules have been prepared to show certain pro forma effects of a plan to separate the combined mortgage guaranty ("MI") and consumer credit indemnity ("CCI") insurance lines from Old Republic International Corporation's ("Old Republic" or "ORI") consolidated business. The plan will be subject to certain regulatory approvals, including the authorization of various General Insurance Group inter-company reinsurance agreements and the transfer of a minor general insurance subsidiary to the mortgage guaranty segment. The schedules' historical financial data have been extracted from Old Republic's consolidated annual and quarterly reports through year-end 2011. The pro forma financial changes which follow from historical data reflect early 2012 capitalization and CCI reinsurance transactions entering into the MI and CCI combination.

Old Republic became an active participant in the mortgage guaranty industry through its acquisition of RMIC Corporation in 1980. Since then, this business has been managed as a separately capitalized, free standing entity. By contrast, since it was started in 1954, the consumer credit indemnity line has been operated as an underwritten division of Old Republic Insurance Company, the Old Republic General Insurance Group's flagship carrier. As a division, the CCI business has not had a legally dedicated capital structure. Moreover, underwriting operations during the five years ended December 31, 2011 have generally been cash flow negative as paid claims have far exceeded premium income. Accordingly, little investment income can be attributed to the CCI line's income statement.

In all of the pertinent schedules, both net operating income, a non-GAAP financial measure, and net income, which includes net realized gains or losses, are shown. Management uses net operating income to evaluate and better explain the financial performance of individual segments, and believes its use enhances an understanding of basic business results. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

Amounts shown in the schedules and related text are shown (except for per share data) in millions. Amounts shown for totals may not add due to truncation.

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**MORTGAGE GUARANTY STATUS AS A GOING CONCERN**

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Recessionary conditions in U.S. housing and related mortgage finance which began in 2007 have erased Old Republic Mortgage Guaranty Group's ("ORMGG") long-term profitability and produced substantial losses. As a result, ORMGG's capital funds have been largely depleted. The loss of statutory capital was most pronounced for

the flagship carrier, Republic Mortgage Insurance Company ("RMIC"). Sixteen states have insurance laws or regulations which require a mortgage insurer to maintain a minimum amount of statutory capital relative to the level of risk in force, the most common measure being a risk to capital ratio of 25 to 1. The failure to maintain the prescribed minimum capital level in a particular state would generally require a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authority. As noted in previous reports to shareholders, RMIC breached the minimum capital requirement during the third quarter of 2010. It had previously requested and, subsequently received waivers or forbearance of the minimum capital requirements from the regulatory authorities in substantially all affected states. Following several brief extensions, the waiver from the domiciliary state of North Carolina expired on August 31, 2011. As a result, both RMIC and Republic Mortgage Insurance Company of North Carolina discontinued writing new business in all states and limited themselves to servicing the run-off of their existing business. Republic Mortgage Insurance Company of Florida does not write direct business and simply reinsures a small portion of RMIC's direct and assumed business which is in run-off. On January 19, 2012, the North Carolina Department of Insurance ("NCDOI") issued a Summary Order (the "Order") immediately placing RMIC under administrative supervision. Among other measures, RMIC was directed to reduce claims payments by 50% for up to one year's time. The remaining 50% is to be recorded as a deferred payment obligation and credited to a temporary statutory surplus account. The imposition of supervision and the restriction on claims payments will significantly reduce the rate at which RMIC's statutory capital is eroded by losses. As a result, the Order makes RMIC's statutory insolvency less likely. However, the Order could be amended or withdrawn by the NCDOI at any time or allowed to lapse after a year's time. There is therefore no assurance that the 50% payment limitation will remain in place for an extended period, nor that RMIC will ultimately regain enough capital to re-enter the market and write new business, or that the Order will preclude the statutory impairment of RMIC at a later date.

The circumstances discussed above raise substantial doubt about the continuity of ORMGG and its insurance subsidiaries as going concerns. Their opportunity to obtain additional capital funds from their ultimate parent, ORI, has been foreclosed.

The above matters and considerations, notwithstanding, the accompanying historical and pro forma information has been prepared on the assumption that ORMGG will continue as a going concern. Under such a going concern assumption, ORMGG contemplates the realization of assets, liquidation of liabilities, and settlement of deferred payment obligations in the ordinary course of running off the business over several years.

All historical and pro forma information is presented, except as to form, on the basis of generally accepted accounting principles ("GAAP") as described in the ORI's Annual and Quarterly Reports to Shareholders, which can be accessed on the ORI website at [www.oldrepublic.com](http://www.oldrepublic.com). The pro forma financial supplement and statistical exhibit have been prepared for informational purposes only. The financial position and results from operations shown therein are not necessarily indicative of what the past financial position and results of operations would have been, or those of their post-separation periods.

**Pro Forma Summary Statement of Financial Condition of the  
Reconstituted Republic Financial Indemnity Group, Inc. ("RFIG")  
(Formerly: Old Republic Mortgage Guaranty Group, Inc. ("ORMGG"))**

**Explanation of Schedule A (\$ in Millions)**

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The accompanying statements on Schedule A show the accounts of the Old Republic Mortgage Guaranty Group, Inc. ("ORMGG") reconstituted as the Republic Financial Indemnity Group, Inc. ("RFIG") as if the combination had occurred on December 31, 2011. These summary statements reflect the early 2012 combination of the CCI division and related capital transactions.

Column (a) shows the actual GAAP summarized balance sheet accounts of ORMGG as of December 31, 2011.

Column (b) shows: 1) the CCI divisional assets and claim reserves as of December 31, 2011; 2) the accounts of CCI services subsidiaries; 3) the accounts of a minor credit indemnity insurance company transferred to the MI segment in early 2012; 4) the 2012 addition of \$5 long-term debt to a pro forma total of \$180; and 5) the reconfiguration of RFIG's common equity account.

Ultimate RFIG capitalization may, depending on finalization of the separation plan, include a perpetual preferred stock issue in substitution for a lesser debt amount, and common stock.

Column (c) shows RFIG's consolidated pro forma balance sheet accounts resulting from the additions of columns (a) and (b).



**Pro Forma Summary Statement of Financial Condition of the  
Reconstituted Republic Financial Indemnity Group, Inc. ("RFIG")**

(\$ in Millions)

	December 31, 2011		
	(a) Historical ORMGG	(b) CCI Combination	(c) Pro Forma RFIG
<b>ASSETS:</b>			
Cash and invested assets	\$ 1,682	\$ 84	\$ 1,766
Securities and indebtedness of related parties	53 (1)	-	53
Reinsurance balances recoverable	86	-	86
Federal income taxes recoverable: current	131	-	131
deferred	36	-	36
Sundry assets	37	3	41
Total assets	<u>\$ 2,027</u>	<u>\$ 89</u>	<u>\$ 2,116</u>
<b>LIABILITIES:</b>			
Claim and claim expense reserves	\$ 1,699	\$ 31	\$ 1,730
Policy liabilities	57	-	57
Long-term debt due to ORI	175	5	180 (2)
Sundry liabilities	79	36	115
Total liabilities	<u>2,011</u>	<u>72</u>	<u>2,084</u>
<b>SHAREHOLDER'S EQUITY:</b>			
Common stock	52	(51)	-
Additional paid-in capital	157	67	225
Accumulated other comprehensive income	10	-	10
Retained earnings (deficit)	(204)	-	(203)
Total common equity	<u>16</u>	<u>16</u>	<u>32</u>
Total liabilities and shareholder's equity	<u>\$ 2,027</u>	<u>\$ 89</u>	<u>\$ 2,116</u>
<b>TOTAL CAPITALIZATION:</b>			
Debt	\$ 175		\$ 180 (2)
Common stock	16		32
Total	<u>\$ 191</u>		<u>\$ 212</u>

(1) Represents principally a 30 year note receivable (\$50) and accrued interest thereon due from an ORI insurance holding company.

(2) Represents 30 year notes payable (\$180) due in 2042 by ORMGG to ORI. Ultimate RFIG capitalization may, depending on finalization of the separation plan, include a perpetual preferred stock issue in substitution for a lesser debt amount, and common stock.

## **Pro Forma Summary Statement of Financial Condition Reflecting the Separation of the Reconstituted Republic Financial Indemnity Group, Inc. ("RFIG") from ORI**

### **Explanation of Schedule B (\$ in Millions)**

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The accompanying statements reflect the early 2012 combination of the CCI division with the MI segment and its pro forma separation from ORI.

Column (a) shows a summary of ORI's consolidated balance sheet extracted from its December 31, 2011 Annual Report on Form 10-K to the United States Securities and Exchange Commission.

Column (b) shows the accounts that will be eliminated from the ORI consolidation with the pro forma separation of RFIG (See Schedule A). Among other accounts, the column shows: (1) ORI's continued retention of notes receivable due from RFIG (\$180); (2) the deconsolidation of a 30 year note (\$50) payable by an Old Republic insurance holding company to an RFIG mortgage guaranty insurance subsidiary; and (3) the elimination of RFIG's pro forma common shareholder's equity account (\$32). Near term disposition of RFIG at zero value or operating losses are anticipated to more likely than not deplete this account.

Column (c) reflects ORI's remaining consolidated assets, liabilities, and shareholders' equity account following RFIG's pro forma separation. For purposes of this pro forma presentation, the \$180 note due by RFIG to ORI is assumed to ultimately be paid with interest kept current. There is no assurance, however, that RFIG, as a stand-alone company with resources and profit making opportunities, would in fact be able to honor this obligation as to both principal repayment and timely interest payment. In the event RFIG were not so able, ORI would be required to write down this investment. Such a write down would reduce ORI's common shareholders' equity account correspondingly.

Old Republic International Corporation  
Pro Forma Summary Statement of Financial Condition  
Reflecting the Separation of the Reconstituted RFIG from ORI

(\$ in Millions)

	December 31, 2011		
	(a)	(b)	(c)
	Historical ORI	Separation of RFIG	Pro Forma ORI excluding RFIG
<b>ASSETS:</b>			
Cash and invested assets	\$ 10,685	\$ (1,766)	\$ 8,918
Securities and indebtedness of related parties	16	180 (1)	197
Reinsurance balances recoverable	3,243	(86)	3,157
Federal Income tax recoverable: current	73	(73)	-
deferred	116	(36)	79
Sundry assets	1,914	(41)	1,872
Total assets	<u>\$ 16,050</u>	<u>\$ (1,823)</u>	<u>\$ 14,225</u>
<b>LIABILITIES:</b>			
Benefit and claims reserves	\$ 8,786	\$ (1,730)	\$ 7,055
Policy liabilities	1,461	(57)	1,404
Federal income taxes payable: current	-	58	58
Debt	912 (3)	50	962 (3)
Sundry liabilities	1,116	(110)	1,006
Total liabilities	<u>12,277</u>	<u>(1,791)</u>	<u>10,485</u>
<b>SHAREHOLDERS' EQUITY:</b>			
Common stock	259	-	259
Additional paid-in capital	657	-	657
Accumulated other comprehensive income	416	(10)	405
Retained earnings (deficit)	2,472	(22)	2,450
Unallocated ESSOP shares	(33)	-	(33)
Total common shareholders' equity	<u>3,772</u>	<u>(32) (2)</u>	<u>3,739</u>
Total liabilities and shareholders' equity	<u>\$ 16,050</u>	<u>\$ (1,823)</u>	<u>\$ 14,225</u>
Book value per share	<u>\$ 14.76</u>		<u>\$ 14.63</u>
<b>TOTAL CAPITALIZATION:</b>			
Debt	\$ 912		\$ 962
Common stock	3,772		3,739
Total	<u>\$ 4,685</u>		<u>\$ 4,702</u>
<b>KEY BALANCE SHEET RATIOS:</b>			
Cash and invested assets to total liabilities net of reinsurance balances	<u>117.0%</u>		<u>120.2%</u>
Debt to Equity (3)	<u>24.2%</u>		<u>25.7%</u>

(1) Represents RFIG 30 year notes receivable of \$180 due 2042. Ultimate RFIG capitalization may, depending on finalization of the separation plan, include a perpetual preferred stock issue in substitution for a lesser debt amount, and common stock.

(2) Assumes the separation of RFIG at zero value.

(3) The pro forma debt-to-equity ratio would be 17.3% at December 31, 2011, if ORI had paid off \$316 of debt as expected at maturity in May 2012.



**Pro Forma Summary Income Statements of the Reconstituted RFIG  
for the Five Years Ended December 31, 2011**

**Explanation of Schedule C (\$ in Millions)**

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The accompanying summary statements show the combination of historical MI and CCI results. The CCI line has been a division of Old Republic Insurance Company ("ORINSCO") since it was established in 1954. ORINSCO is the flagship property & liability insurance carrier of the Old Republic General Insurance Group.

These five years' MI operating results were affected most negatively by:

- A declining earned premium base in the most recent three years in particular, as the U.S. mortgage lending industry sustained substantial volume declines, and as the MI industry's share of insured mortgages declined precipitously.
- Downtrends in net investment income resulted from negative operating cash flows which dissipated the invested asset base, and from declining investment yields in a recessionary environment.
- Highly volatile and abnormally high claim incurrence trends due to substantial increases in mortgage loan foreclosures and downtrends in home values.

As a result of these major factors and trends, aggregate mortgage guaranty net operating losses totaled \$1.36 billion for the five years ended December 31, 2011. By contrast, aggregate MI net operating income for the preceding five year period ended December 31, 2006 amounted to \$824.

During the five years ended December 31, 2011, the CCI line evidenced downtrends similar to those portrayed by the MI segment. As a result, the pro forma combination of the MI and CCI lines does not result in meaningful differences in underwriting trends.

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**Explanation of Schedule C-1**

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The accompanying summary statements show all the factors considered in Schedule C for the 2011 quarterly reporting periods and provide an appropriate comparison base for ORI's forthcoming quarterly financial reports in 2012.

OLD REPUBLIC MORTGAGE GUARANTY GROUP AND PRO FORMA RFIG - Summary Income Statements

Schedule C  
(\$ in Millions)

	Years Ended December 31,				
	2007	2008	2009	2010	2011
<b>OLD REPUBLIC MORTGAGE GUARANTY GROUP (ORMGG) / Historical</b>					
Net premiums earned	\$ 518	\$ 592	\$ 644	\$ 498	\$ 444
Net investment income	79	86	92	84	59
Other income	11	10	9	4	1
Net revenues	608	690	746	588	506
Claims and claim expenses	615	1,180	1,134	766	1,057
Sales & general expenses	102	103	91	76	108
Interest and other charges	-	-	7	6	18
Total expenses	718	1,284	1,232	849	1,184
Pretax operating income (loss)	(110)	(594)	(486)	(260)	(678)
Income taxes (credits)	(44)	(213)	(175)	(94)	(234)
Net operating income (loss)	(66)	(380)	(310)	(165)	(443)
Net realized gains (losses)	4	(6)	-	28	55
Net income (loss)	\$ (61)	\$ (387)	\$ (310)	\$ (137)	\$ (388)
Loss ratio	118.8%	199.3%	176.0%	153.6%	237.6%
Expense ratio	17.7%	15.7%	12.6%	14.4%	23.9%
Composite ratio	136.5%	215.0%	188.6%	168.0%	261.5%

**CONSUMER CREDIT INDEMNITY (CCI) DIVISION / Historical**

Net premiums earned	\$ 193	\$ 204	\$ 121	\$ 87	\$ 58
Net investment income	-	-	-	-	-
Other income	-	-	-	-	-
Net revenues	194	204	121	88	58
Claims and claim expenses	181	264	225	225	102
Sales & general expenses	7	8	7	6	5
Interest and other charges	-	-	-	-	-
Total expenses	189	273	232	232	108
Pretax operating income (loss)	4	(68)	(111)	(143)	(49)
Income taxes (credits)	1	(24)	(38)	(50)	(17)
Net operating income (loss)	3	(44)	(72)	(93)	(32)
Net realized gains (losses)	-	-	-	-	-
Net income (loss)	\$ 3	\$ (44)	\$ (72)	\$ (93)	\$ (32)
Loss ratio	93.7%	129.7%	185.9%	256.4%	176.5%
Expense ratio	4.0%	4.1%	5.8%	7.4%	8.7%
Composite ratio	97.7%	133.8%	191.7%	263.8%	185.2%

**PRO FORMA RFIG (ORMGG and CCI Lines Combined)**

Net premiums earned	\$ 711	\$ 796	\$ 765	\$ 586	\$ 503
Net investment income	79	87	92	85	59
Other income	11	10	9	4	2
Net revenues	802	894	867	676	564
Claims and claim expenses	797	1,445	1,359	991	1,160
Sales & general expenses	110	111	98	82	113
Interest and other charges	-	-	7	6	18
Total expenses	908	1,557	1,465	1,081	1,292
Pretax operating income (loss)	(105)	(663)	(597)	(404)	(727)
Income taxes (credits)	(42)	(237)	(214)	(145)	(251)
Net operating income (loss)	(63)	(425)	(383)	(259)	(476)
Net realized gains (losses)	4	(6)	-	28	55
Net income (loss)	\$ (58)	\$ (431)	\$ (382)	\$ (231)	\$ (421)
Loss ratio	112.0%	181.4%	177.5%	169.0%	230.5%
Expense ratio	14.0%	12.7%	11.6%	13.3%	22.1%
Composite ratio	126.0%	194.1%	189.1%	182.3%	252.6%

OLD REPUBLIC MORTGAGE GUARANTY GROUP AND PRO FORMA RFIG - Summary Income Statements / 2011 Quarterly

	2011				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-to-Date
<b>OLD REPUBLIC MORTGAGE GUARANTY GROUP (ORMGG) / Historical</b>					
Net premiums earned	\$ 113	\$ 111	\$ 110	\$ 108	\$ 444
Net investment income	16	16	15	11	59
Other income	-	-	-	-	1
Net revenues	131	128	125	120	506
Claims and claim expenses	212	283	298	262	1,057
Sales & general expenses	17	18	52	19	108
Interest and other charges	1	2	12	2	18
Total expenses	232	304	363	284	1,184
Pretax operating income (loss)	(101)	(175)	(237)	(163)	(678)
Income taxes (credits)	(35)	(61)	(79)	(57)	(234)
Net operating income (loss)	(65)	(114)	(158)	(106)	(443)
Net realized gains (losses)	-	1	6	46	55
Net income (loss)	\$ (64)	\$ (113)	\$ (151)	\$ (59)	\$ (388)
Loss ratio	186.7%	253.9%	270.0%	241.3%	237.6%
Expense ratio	15.1%	16.0%	47.3%	17.5%	23.9%
Composite ratio	201.8%	269.9%	317.3%	258.8%	261.5%

**CONSUMER CREDIT INDEMNITY (CCI) DIVISION / Historical**

Net premiums earned	\$ 20	\$ 8	\$ 14	\$ 14	\$ 58
Net investment income	-	-	-	-	-
Other income	-	-	-	-	-
Net revenues	20	8	14	14	58
Claims and claim expenses	40	18	25	18	102
Sales & general expenses	1	1	1	1	5
Interest and other charges	-	-	-	-	-
Total expenses	41	19	27	19	108
Pretax operating income (loss)	(20)	(11)	(12)	(5)	(49)
Income taxes (credits)	(7)	(3)	(4)	(2)	(17)
Net operating income (loss)	(13)	(7)	(8)	(3)	(32)
Net realized gains (losses)	-	-	-	-	-
Net income (loss)	\$ (13)	\$ (7)	\$ (8)	\$ (3)	\$ (32)
Loss ratio	192.1%	215.1%	174.4%	132.3%	176.5%
Expense ratio	5.1%	14.7%	10.3%	8.5%	8.7%
Composite ratio	197.2%	229.8%	184.7%	140.8%	185.2%

**PRO FORMA RFIG (ORMGG and CCI Lines Combined)**

Net premiums earned	\$ 134	\$ 120	\$ 125	\$ 122	\$ 503
Net investment income	16	16	15	11	59
Other income	-	-	-	-	2
Net revenues	152	136	140	134	564
Claims and claim expenses	252	302	323	281	1,160
Sales & general expenses	18	19	54	20	113
Interest and other charges	1	2	12	2	18
Total expenses	273	323	391	303	1,292
Pretax operating income (loss)	(121)	(186)	(250)	(169)	(727)
Income taxes (credits)	(42)	(65)	(84)	(59)	(251)
Net operating income (loss)	(78)	(121)	(166)	(109)	(476)
Net realized gains (losses)	-	1	6	46	55
Net income (loss)	\$ (77)	\$ (120)	\$ (159)	\$ (63)	\$ (421)
Loss ratio	187.5%	251.2%	258.7%	228.7%	230.5%
Expense ratio	13.5%	15.9%	43.0%	16.5%	22.1%
Composite ratio	201.0%	267.1%	301.7%	245.2%	252.6%



**Pro Forma Summary Income Statements of the Old Republic  
General Insurance Group, Inc. for the Five Years Ended December 31, 2011**

**Explanation of Schedule D**

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The accompanying summary statements reflect the historical General Insurance segment results with and without the CCI division. These five years' operating results were affected most negatively by the poor underwriting experience of the CCI line, as shown in the middle table, and secondarily by declining or flat premium trends and net investment income contributions for the remainder of ORGIG's business.

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**Explanation of Schedule D-1**

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The accompanying summary statements reflect all the factors considered in Schedule D for the 2011 quarterly reporting periods and provide an appropriate comparison base for ORI's forthcoming quarterly financial reports in 2012. These statements have been extracted from quarterly earnings reports to shareholders.

**OLD REPUBLIC GENERAL INSURANCE GROUP - Summary Income Statements**

**Schedule D**  
(\$ in Millions)

	Years Ended December 31,				
	2007	2008	2009	2010	2011
<b>OLD REPUBLIC GENERAL INSURANCE GROUP / Historical</b>					
Net premiums earned	\$ 2,155	\$ 1,989	\$ 1,782	\$ 1,782	\$ 2,167
Net investment income	260	253	258	260	270
Other income	22	13	11	32	108
Net revenues	2,438	2,255	2,052	2,074	2,547
Benefits, claims and related settlement expenses	1,466	1,458	1,371	1,374	1,562
Sales & general expenses	536	488	459	499	646
Interest and other charges	16	14	21	27	33
Total expenses	2,019	1,961	1,852	1,902	2,242
Pretax operating income (loss)	418	294	200	172	304
Income taxes (credits)	126	82	52	51	94
Net operating income (loss)	291	211	147	121	209
Net realized gains (losses)	39	(236)	32	39	35
Net income (loss)	\$ 331	\$ (25)	\$ 180	\$ 161	\$ 245
Benefits, claims and related settlement expense ratio	68.1%	73.3%	76.9%	77.1%	72.1%
Expense ratio	23.8%	23.9%	25.2%	25.9%	24.8%
Composite ratio	91.9%	97.2%	102.1%	103.0%	96.9%

**CONSUMER CREDIT INDEMNITY (CCI) DIVISION / Historical**

Net premiums earned	\$ 193	\$ 204	\$ 121	\$ 87	\$ 58
Net investment income	-	-	-	-	-
Other income	-	-	-	-	-
Net revenues	194	204	121	88	58
Benefits, claims and related settlement expenses	181	264	225	225	102
Sales & general expenses	7	8	7	6	5
Interest and other charges	-	-	-	-	-
Total expenses	189	273	232	232	108
Pretax operating income (loss)	4	(68)	(111)	(143)	(49)
Income taxes (credits)	1	(24)	(38)	(50)	(17)
Net operating income (loss)	3	(44)	(72)	(93)	(32)
Net realized gains (losses)	-	-	-	-	-
Net income (loss)	\$ 3	\$ (44)	\$ (72)	\$ (93)	\$ (32)
Benefits, claims and related settlement expense ratio	93.7%	129.7%	185.9%	256.4%	176.5%
Expense ratio	4.0%	4.1%	5.8%	7.4%	8.7%
Composite ratio	97.7%	133.8%	191.7%	263.8%	185.2%

**PRO FORMA OLD REPUBLIC GENERAL INSURANCE GROUP EXCLUDING CCI DIVISION**

Net premiums earned	\$ 1,961	\$ 1,785	\$ 1,661	\$ 1,694	\$ 2,109
Net investment income	260	253	258	260	270
Other income	21	13	11	32	108
Net revenues	2,243	2,051	1,931	1,986	2,488
Benefits, claims and related settlement expenses	1,285	1,193	1,145	1,149	1,460
Sales & general expenses	528	479	452	492	641
Interest and other charges	16	14	21	27	33
Total expenses	1,830	1,688	1,619	1,670	2,134
Pretax operating income (loss)	413	363	311	316	353
Income taxes (credits)	124	106	91	102	111
Net operating income (loss)	288	256	220	214	242
Net realized gains (losses)	39	(236)	32	39	35
Net income (loss)	\$ 328	\$ 19	\$ 252	\$ 254	\$ 277
Benefits, claims and related settlement expense ratio	65.5%	66.9%	69.0%	67.8%	69.2%
Expense ratio	25.8%	26.2%	26.6%	26.9%	25.2%
Composite ratio	91.3%	93.1%	95.6%	94.7%	94.4%

	2011				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-to-Date
<b>OLD REPUBLIC GENERAL INSURANCE GROUP / Historical</b>					
Net premiums earned	\$ 532	\$ 519	\$ 550	\$ 566	\$ 2,167
Net investment income	66	68	67	68	270
Other income	26	25	29	27	108
Net revenues	625	612	647	661	2,547
Benefits, claims and related settlement expenses	392	372	407	390	1,562
Sales & general expenses	156	160	166	162	646
Interest and other charges	8	8	8	8	33
Total expenses	557	541	582	561	2,242
Pretax operating income (loss)	68	71	64	100	304
Income taxes (credits)	21	21	19	32	94
Net operating income (loss)	47	49	45	67	209
Net realized gains (losses)	2	(1)	10	23	35
Net income (loss)	\$ 49	\$ 48	\$ 55	\$ 91	\$ 245
Benefits, claims and related settlement expense ratio	73.8%	71.7%	74.1%	69.0%	72.1%
Expense ratio	24.3%	26.2%	24.9%	24.0%	24.8%
Composite ratio	98.1%	97.9%	99.0%	93.0%	96.9%

**CONSUMER CREDIT INDEMNITY (CCI) DIVISION / Historical**

Net premiums earned	\$ 20	\$ 8	\$ 14	\$ 14	\$ 58
Net investment income	-	-	-	-	-
Other income	-	-	-	-	-
Net revenues	20	8	14	14	58
Benefits, claims and related settlement expenses	40	18	25	18	102
Sales & general expenses	1	1	1	1	5
Interest and other charges	-	-	-	-	-
Total expenses	41	19	27	19	108
Pretax operating income (loss)	(20)	(11)	(12)	(5)	(49)
Income taxes (credits)	(7)	(3)	(4)	(2)	(17)
Net operating income (loss)	(13)	(7)	(8)	(3)	(32)
Net realized gains (losses)	-	-	-	-	-
Net income (loss)	\$ (13)	\$ (7)	\$ (8)	\$ (3)	\$ (32)
Benefits, claims and related settlement expense ratio	192.1%	215.1%	174.4%	132.3%	176.5%
Expense ratio	5.1%	14.7%	10.3%	8.5%	8.7%
Composite ratio	197.2%	229.8%	184.7%	140.8%	185.2%

**PRO FORMA OLD REPUBLIC GENERAL INSURANCE GROUP EXCLUDING CCI DIVISION**

Net premiums earned	\$ 511	\$ 510	\$ 535	\$ 552	\$ 2,109
Net investment income	66	68	67	68	270
Other income	26	25	29	27	108
Net revenues	604	604	632	647	2,488
Benefits, claims and related settlement expenses	352	353	381	372	1,460
Sales & general expenses	155	159	165	161	641
Interest and other charges	8	8	8	8	33
Total expenses	515	521	555	541	2,134
Pretax operating income (loss)	88	82	77	105	353
Income taxes (credits)	28	25	23	34	111
Net operating income (loss)	60	56	53	71	242
Net realized gains (losses)	2	(1)	10	23	35
Net income (loss)	\$ 62	\$ 55	\$ 63	\$ 95	\$ 277
Benefits, claims and related settlement expense ratio	68.9%	69.3%	71.3%	67.4%	69.2%
Expense ratio	25.1%	26.3%	25.3%	24.3%	25.2%
Composite ratio	94.0%	95.6%	96.6%	91.7%	94.4%



**Pro Forma Consolidated Summary Income Statements of Old Republic  
International Corporation for the Five Years Ended December 31, 2011**

**Explanation of Schedule E**

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The accompanying summary statements reflect the historical Old Republic International Corporation consolidated results with and without the reconstituted RFIG.

As indicated by the middle table of Schedule E, these five years' operating results were affected most negatively by historically poor underwriting performance in ORI's MI and CCI lines (See preceding Schedules C and D).

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**Explanation of Schedule E-1**

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The accompanying summary statements reflect all the factors considered in Schedule E for the 2011 quarterly reporting periods and provide an appropriate comparison base for ORI's forthcoming quarterly financial reports in 2012. These statements have been extracted from quarterly earnings reports to shareholders.

	Years Ended December 31,				
	2007	2008	2009	2010	2011
<b>OLD REPUBLIC INTERNATIONAL CONSOLIDATED RESULTS / Historical</b>					
Premiums & fees earned	\$ 3,601	\$ 3,318	\$ 3,388	\$ 3,573	\$ 4,050
Net investment income	379	377	383	379	364
Other income	39	28	24	41	115
Net revenues	4,020	3,724	3,797	3,993	4,529
Benefits, claims and related settlement expenses	2,171	2,722	2,609	2,278	2,764
Sales & general expenses	1,533	1,332	1,443	1,764	2,054
Interest and other charges	7	2	24	32	63
Total expenses	3,712	4,056	4,077	4,075	4,882
Pretax operating income (loss)	308	(332)	(279)	(81)	(352)
Income taxes (credits)	81	(144)	(122)	(40)	(133)
Net operating income (loss)	226	(188)	(157)	(40)	(218)
Net realized gains (losses)	45	(370)	58	70	78
Net income (loss)	\$ 272	\$ (558)	\$ (99)	\$ 30	\$ (140)
Benefits, claims and related settlement expense ratio	60.3%	82.0%	77.0%	63.8%	68.3%
Expense ratio	41.2%	38.9%	41.5%	47.6%	47.5%
Composite ratio	101.5%	120.9%	118.5%	111.4%	115.8%
Earnings per share: Basic	\$1.18	(\$2.41)	(\$0.42)	\$0.13	(\$0.55)
Diluted	\$1.17	(\$2.41)	(\$0.42)	\$0.13	(\$0.55)

**PRO FORMA RFIG (ORMGG and CCI Lines Combined)**

Net premiums earned	\$ 711	\$ 796	\$ 765	\$ 586	\$ 503
Net investment income	79	87	92	85	59
Other income	11	10	9	4	2
Net revenues	802	894	867	676	564
Benefits, claims and related settlement expenses	797	1,445	1,359	991	1,160
Sales & general expenses	110	111	98	82	113
Interest and other charges	-	-	7	6	18
Total expenses	908	1,557	1,465	1,081	1,292
Pretax operating income (loss)	(105)	(663)	(597)	(404)	(727)
Income taxes (credits)	(42)	(237)	(214)	(145)	(251)
Net operating income (loss)	(63)	(425)	(383)	(259)	(476)
Net realized gains (losses)	4	(6)	-	28	55
Net income (loss)	\$ (58)	\$ (431)	\$ (382)	\$ (231)	\$ (421)
Benefits, claims and related settlement expense ratio	112.0%	181.4%	177.5%	169.0%	230.5%
Expense ratio	14.0%	12.7%	11.6%	13.3%	22.1%
Composite ratio	126.0%	194.1%	189.1%	182.3%	252.6%

**OLD REPUBLIC INTERNATIONAL CONSOLIDATED PRO FORMA RESULTS EXCLUDING RFIG (ORMGG and CCI Lines Combined)**

Premiums & fees earned	\$ 2,889	\$ 2,521	\$ 2,623	\$ 2,986	\$ 3,546
Net investment income	299	289	300	303	315
Other income	28	18	16	37	114
Net revenues	3,218	2,830	2,940	3,327	3,976
Benefits, claims and related settlement expenses	1,374	1,276	1,249	1,286	1,604
Sales & general expenses	1,423	1,220	1,345	1,682	1,941
Interest and other charges	7	3	27	35	55
Total expenses	2,804	2,499	2,622	3,004	3,601
Pretax operating income (loss)	413	330	317	323	375
Income taxes (credits)	123	92	91	104	117
Net operating income (loss)	289	237	225	218	257
Net realized gains (losses)	40	(363)	57	42	23
Net income (loss)	\$ 330	\$ (126)	\$ 283	\$ 261	\$ 280
Benefits, claims and related settlement expense ratio	47.6%	50.6%	47.7%	43.1%	45.2%
Expense ratio	47.9%	47.2%	50.2%	54.4%	51.2%
Composite ratio	95.5%	97.8%	97.9%	97.5%	96.4%
Earnings per share: Basic	\$1.43	(\$0.54)	\$1.20	\$1.09	\$1.10
Diluted	\$1.42	(\$0.54)	\$1.16	\$1.04	\$0.99

(see next page)

	Years Ended December 31,				
	2007	2008	2009	2010	2011
<b>OLD REPUBLIC INTERNATIONAL CONSOLIDATED RESULTS / Historical</b>					
<u>Composition of Earnings Per Share:</u>					
<u>Basic</u>					
Net operating income (loss)	\$ 0.98	\$ (0.81)	\$ (0.67)	\$ (0.16)	\$ (0.86)
Net realized investment gains (losses)	0.20	(1.60)	0.25	0.29	0.31
Net income (loss)	<u>\$ 1.18</u>	<u>\$ (2.41)</u>	<u>\$ (0.42)</u>	<u>\$ 0.13</u>	<u>\$ (0.55)</u>
<u>Diluted</u>					
Net operating income (loss)	\$ 0.97	\$ (0.81)	\$ (0.67)	\$ (0.16)	\$ (0.86)
Net realized investment gains (losses)	0.20	(1.60)	0.25	0.29	0.31
Net income (loss)	<u>\$ 1.17</u>	<u>\$ (2.41)</u>	<u>\$ (0.42)</u>	<u>\$ 0.13</u>	<u>\$ (0.55)</u>
<u>Average Shares Outstanding (thousands):</u>					
Basic	231,370	231,484	235,657	241,075	255,045
Diluted	<u>232,912</u>	<u>231,484</u>	<u>235,657</u>	<u>241,327</u>	<u>255,045</u>

**OLD REPUBLIC INTERNATIONAL CONSOLIDATED PRO FORMA RESULTS EXCLUDING RFIG (ORMGG and CCI Lines Combined)**

<u>Composition of Earnings Per Share:</u>					
<u>Basic</u>					
Net operating income (loss)	\$ 1.25	\$ 1.03	\$ 0.96	\$ 0.91	\$ 1.01
Net realized investment gains (losses)	0.18	(1.57)	0.24	0.18	0.09
Net income (loss)	<u>\$ 1.43</u>	<u>\$ (0.54)</u>	<u>\$ 1.20</u>	<u>\$ 1.09</u>	<u>\$ 1.10</u>
<u>Diluted</u>					
Net operating income (loss)	\$ 1.24	\$ 1.03	\$ 0.94	\$ 0.88	\$ 0.92
Net realized investment gains (losses)	0.18	(1.57)	0.22	0.16	0.07
Net income (loss)	<u>\$ 1.42</u>	<u>\$ (0.54)</u>	<u>\$ 1.16</u>	<u>\$ 1.04</u>	<u>\$ 0.99</u>
<u>Average Shares Outstanding (thousands):</u>					
Basic	231,370	231,484	235,657	241,075	255,045
Diluted (*)	<u>232,912</u>	<u>231,484</u>	<u>254,343</u>	<u>268,793</u>	<u>311,879</u>

(\*) Diluted shares have been recalculated for pro forma purposes to reflect the elimination of MI and CCI losses from historical earnings. Such losses had had the effect of producing the anti-dilutive results of the historical calculation.

	2011				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-to-Date
<b>OLD REPUBLIC INTERNATIONAL CONSOLIDATED RESULTS / Historical</b>					
Premiums & fees earned	\$ 1,003	\$ 977	\$ 1,007	\$ 1,062	\$ 4,050
Net investment income	91	93	90	89	364
Other income	28	27	31	28	115
Net revenues	1,123	1,097	1,129	1,179	4,529
Benefits, claims and related settlement expenses	643	691	738	690	2,764
Sales & general expenses	500	497	532	523	2,054
Interest and other charges	10	14	24	13	63
Total expenses	1,154	1,203	1,296	1,228	4,882
Pretax operating income (loss)	(31)	(105)	(167)	(48)	(352)
Income taxes (credits)	(14)	(41)	(57)	(20)	(133)
Net operating income (loss)	(17)	(64)	(109)	(27)	(218)
Net realized gains (losses)	4	(1)	(7)	82	78
Net income (loss)	\$ (12)	\$ (66)	\$ (116)	\$ 55	\$ (140)
Benefits, claims and related settlement expense ratio	64.1%	70.7%	73.4%	65.0%	68.3%
Expense ratio	46.7%	47.7%	49.5%	46.4%	47.5%
Composite ratio	110.8%	118.4%	122.9%	111.4%	115.8%
Earnings per share: Basic	(\$0.05)	(\$0.26)	(\$0.46)	\$0.22	(\$0.55)
Diluted	(\$0.05)	(\$0.26)	(\$0.46)	\$0.22	(\$0.55)

**PRO FORMA RFIG (ORMGG and CCI Lines Combined)**

Net premiums earned	\$ 134	\$ 120	\$ 125	\$ 122	\$ 503
Net investment income	16	16	15	11	59
Other income	-	-	-	-	2
Net revenues	152	136	140	134	564
Benefits, claims and related settlement expenses	252	302	323	281	1,160
Sales & general expenses	18	19	54	20	113
Interest and other charges	1	2	12	2	18
Total expenses	273	323	391	303	1,292
Pretax operating income (loss)	(121)	(186)	(250)	(169)	(727)
Income taxes (credits)	(42)	(65)	(84)	(59)	(251)
Net operating income (loss)	(78)	(121)	(166)	(109)	(476)
Net realized gains (losses)	-	1	6	46	55
Net income (loss)	\$ (77)	\$ (120)	\$ (159)	\$ (63)	\$ (421)
Benefits, claims and related settlement expense ratio	187.5%	251.2%	258.7%	228.7%	230.5%
Expense ratio	13.5%	15.9%	43.0%	16.5%	22.1%
Composite ratio	201.0%	267.1%	301.7%	245.2%	252.6%

**OLD REPUBLIC INTERNATIONAL CONSOLIDATED PRO FORMA RESULTS EXCLUDING RFIG (ORMGG and CCI Lines Combined)**

Premiums & fees earned	\$ 868	\$ 857	\$ 881	\$ 939	\$ 3,546
Net investment income	77	79	78	80	315
Other income	28	26	30	28	114
Net revenues	973	963	991	1,047	3,976
Benefits, claims and related settlement expenses	390	389	414	409	1,604
Sales & general expenses	481	477	478	503	1,941
Interest and other charges	11	15	14	14	55
Total expenses	883	882	907	927	3,601
Pretax operating income (loss)	90	81	83	120	375
Income taxes (credits)	28	24	26	38	117
Net operating income (loss)	61	56	57	82	257
Net realized gains (losses)	3	(3)	(13)	36	23
Net income (loss)	\$ 64	\$ 53	\$ 43	\$ 118	\$ 280
Benefits, claims and related settlement expense ratio	45.0%	45.4%	47.0%	43.6%	45.2%
Expense ratio	51.9%	52.2%	50.5%	50.2%	51.2%
Composite ratio	96.9%	97.6%	97.5%	93.8%	96.4%
Earnings per share: Basic	\$0.25	\$0.21	\$0.17	\$0.46	\$1.10
Diluted	\$0.24	\$0.19	\$0.16	\$0.39	\$0.99

(see next page)

	2011				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-to-Date
<b>OLD REPUBLIC INTERNATIONAL CONSOLIDATED RESULTS / Historical</b>					
<u>Composition of Earnings Per Share:</u>					
<u>Basic</u>					
Net operating income (loss)	\$ (0.07)	\$ (0.25)	\$ (0.43)	\$ (0.11)	\$ (0.86)
Net realized investment gains (losses)	0.02	(0.01)	(0.03)	0.33	0.31
Net income (loss)	<u>\$ (0.05)</u>	<u>\$ (0.26)</u>	<u>\$ (0.46)</u>	<u>\$ 0.22</u>	<u>\$ (0.55)</u>
<u>Diluted</u>					
Net operating income (loss)	\$ (0.07)	\$ (0.25)	\$ (0.43)	\$ (0.11)	\$ (0.86)
Net realized investment gains (losses)	0.02	(0.01)	(0.03)	0.33	0.31
Net income (loss)	<u>\$ (0.05)</u>	<u>\$ (0.26)</u>	<u>\$ (0.46)</u>	<u>\$ 0.22</u>	<u>\$ (0.55)</u>
<u>Average Shares Outstanding (thousands):</u>					
Basic	254,769	254,972	255,137	255,292	255,045
Diluted	<u>254,769</u>	<u>254,972</u>	<u>255,137</u>	<u>255,597</u>	<u>255,045</u>

**OLD REPUBLIC INTERNATIONAL CONSOLIDATED PRO FORMA RESULTS EXCLUDING RFIG (ORMGG and CCI Lines Combined)**

<u>Composition of Earnings Per Share:</u>					
<u>Basic</u>					
Net operating income (loss)	\$ 0.24	\$ 0.22	\$ 0.22	\$ 0.32	\$ 1.01
Net realized investment gains (losses)	0.01	(0.01)	(0.05)	0.14	0.09
Net income (loss)	<u>\$ 0.25</u>	<u>\$ 0.21</u>	<u>\$ 0.17</u>	<u>\$ 0.46</u>	<u>\$ 1.10</u>
<u>Diluted</u>					
Net operating income (loss)	\$ 0.23	\$ 0.20	\$ 0.20	\$ 0.28	\$ 0.92
Net realized investment gains (losses)	0.01	(0.01)	(0.04)	0.11	0.07
Net income (loss)	<u>\$ 0.24</u>	<u>\$ 0.19</u>	<u>\$ 0.16</u>	<u>\$ 0.39</u>	<u>\$ 0.99</u>
<u>Average Shares Outstanding (thousands):</u>					
Basic	254,769	254,972	255,137	255,292	255,045
Diluted (*)	<u>292,084</u>	<u>318,304</u>	<u>318,336</u>	<u>318,508</u>	<u>311,879</u>

(\*) Diluted shares have been recalculated for pro forma purposes to reflect the elimination of MI and CCI losses from historical earnings. Such losses had had the effect of producing the anti-dilutive results of the historical calculation.

## **Sources of Dividend Paying Capacity, Dividends Received, and Dividends Paid by Old Republic International Corporation and Subsidiaries for the Five Years Ended December 31, 2011**

### **Explanation of Schedule F**

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The following Schedule F summarizes the sources of dividend paying capacity by ORI's regulated insurance companies and other subsidiaries. The dividends from these subsidiaries are a primary source of parent company liquidity to fund its minor operating expenses and the payment of dividends to its common shareholders. A brief description of each section of the schedule follows:

Section 1, Net Operating Income (Loss), as Reported

Section 2, Pro Forma Net Operating Income (Loss), as per Schedules C to E – corresponds to the pro forma net operating income (loss) as presented in greater detail on the preceding schedules C to E.

Section 3, Historical Dividend Paying Capacity – Represents the maximum amount of dividends available to ORI by its subsidiaries without the prior approval of appropriate regulatory authorities.

Section 4, Historical Dividends Actually Distributed to/Received by the ORI Parent Company from its affiliates – illustrates the sources of dividend payments from each operating segment to ORI and the calculation on line 4g1) of the percentage of actual dividends paid to ORI in relationship to the maximum allowed for each respective year.

Section 5, Historical Dividends Paid by ORI to its Shareholders – reflects the actual dollar value of regular dividend payments made by ORI to its common shareholders and calculates a percentage of the common dividend in relationship to both the maximum dividend paying capacity from its subsidiaries (as per section 3) and the actual dividends paid to the ORI parent company by its subsidiaries (as per section 4).



## Old Republic International Corporation

## Sources of Dividend Paying Capacity and Dividends Received by ORI from Subsidiaries

## ORI Dividend Payments to Shareholders

(\$ in Millions)

As of and for the Years Ended, December 31:	2007	2008	2009	2010	2011	2012 (2)
<b>1) Net Operating Income (Loss), as Reported:</b>						
a) General insurance	\$ 291	\$ 211	\$ 147	\$ 121	\$ 209	
b) Title insurance	(8)	(28)	2	6	24	
c) Life and health insurance	6	4	2	2	2	
d) Corporate and other	3	4	-	(4)	(11)	
e) Subtotal	293	192	153	125	225	
f) Mortgage guaranty	(66)	(380)	(310)	(165)	(443)	
g) Total	<u>\$ 226</u>	<u>\$ (188)</u>	<u>\$ (157)</u>	<u>\$ (40)</u>	<u>\$ (218)</u>	
<b>2) Pro Forma Net Operating Income (Loss), as per Schedules C to E:</b>						
a) General insurance	\$ 288	\$ 256	\$ 220	\$ 214	\$ 242	
b) Title insurance	(8)	(28)	2	6	24	
c) Life and health insurance	6	4	2	2	2	
d) Corporate and other	3	4	-	(4)	(11)	
e) Subtotal	289	237	225	218	257	
f) Reconstituted RFIG	(63)	(425)	(383)	(259)	(476)	
g) Total	<u>\$ 226</u>	<u>\$ (188)</u>	<u>\$ (157)</u>	<u>\$ (40)</u>	<u>\$ (218)</u>	
<b>3) Historical Dividend Paying Capacity:</b>						
a) General insurance	\$ 350	\$ 365	\$ 207	\$ 271	\$ 280	\$ 311
b) Title insurance	33	20	14	18	21	44
c) Life and health insurance	5	4	3	5	4	5
d) Corporate and other	-	-	-	-	-	-
e) Subtotal	390	391	226	295	306	361
f) Mortgage guaranty (1)	5	-	-	-	-	-
g) Total	<u>\$ 396</u>	<u>\$ 391</u>	<u>\$ 226</u>	<u>\$ 295</u>	<u>\$ 306</u>	<u>\$ 361</u>
<b>4) Historical Dividends Actually Distributed to / Received by the ORI Parent Company from:</b>						
a) General insurance	\$ 140	\$ 176	\$ 178	\$ 176	\$ 168	
b) Title insurance	30	14	-	-	5	
c) Life and health insurance	-	-	3	5	4	
d) Corporate and other	-	-	-	-	-	
e) Subtotal	170	190	181	181	177	
f) Mortgage guaranty (1)	5	-	-	-	-	
g) Total	<u>\$ 175</u>	<u>\$ 190</u>	<u>\$ 181</u>	<u>\$ 181</u>	<u>\$ 177</u>	
g1) % of dividend paying capacity (3g)	<u>44.2%</u>	<u>48.6%</u>	<u>80.1%</u>	<u>61.4%</u>	<u>57.8%</u>	
<b>5) Historical Dividends Paid by ORI to its Shareholders</b>	<u>\$ 145</u>	<u>\$ 155</u>	<u>\$ 160</u>	<u>\$ 166</u>	<u>\$ 178</u>	
a) % of dividend paying capacity (3g)	<u>36.6%</u>	<u>39.6%</u>	<u>70.8%</u>	<u>56.3%</u>	<u>58.2%</u>	
b) % of dividends received by ORI (4g)	<u>82.9%</u>	<u>81.6%</u>	<u>88.4%</u>	<u>91.7%</u>	<u>100.6%</u>	

(1) Practically no dividends, permitted or otherwise, would have been approved by the North Carolina Department of Insurance in light of the deteriorating financial condition of the Mortgage Guaranty insurance companies.

For 2007, the permitted and actual dividends paid are fixed at the same amount.

(2) Based on year end 2011 data.