OLD REPUBLIC INTERNATIONAL CORPORATION
307 North Michigan Avenue, Chicago, Illinois 60601-5382 | T: 312.346.8100

A. C. Zucaro
Chairman &
Chief Executive Officer

To: The Shareholders of Old Republic International Corporation

Date: August 22, 2019

Subject: Old Republic Board of Directors Review of the Voting Results at the May 2019 Annual Meeting of the Shareholders

At their 2019 annual meeting Old Republic's shareholders voted on four proposals:

1. To elect five members of the Class 2 Board of Directors each for a term of three years.
2. To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for 2019.
3. To vote in an advisory capacity concerning the Company's executive compensation.
4. To vote on a non-binding shareholder's proposal asking the Board of Directors to adopt a "proxy access" amendment to the Company's by-laws.

At its August meeting, the Old Republic International Corporation Board of Directors and its Governance and Nominating Committee reviewed and gave careful consideration to the shareholders' vote on these four proposals. The directors observed that the second and third proposals received a majority of the votes cast; they consequently accepted the effect of these votes.

With respect to the election of directors, the Board observed that certain shareholders, including significant institutional shareholders, withheld votes for three of the five slated directors (Messrs. Dew, Dixon, and Reed). The Board believes these votes were withheld in part because the Company's governance positions do not align with certain stated preferences of those shareholders and of proxy advisory firms. The Board nonetheless concluded that the three directors' judgment and experience are of enormous benefit and value to the Company and its stakeholders. The Board has therefore taken no action consequent to the votes withheld, and has unanimously voted to retain the services of these directors for the three-year term for which they were elected.

With regard to the proxy access proposal, the Board observed that a significant majority of votes was cast in favor of this non-binding proposal. As it has reported on several occasions, most recently in this year's Proxy Statement, the Board does not believe that a proxy access by-law would necessarily result in more effective corporate governance or long-term value creation for the Company's many stakeholders. Accordingly, it has concluded to take no action as a result of this proposal.

In considering these matters, the Board has once again confirmed its belief that Old Republic's decades-old, integrated system of governance best serves the long-term interests of the Company and its stakeholders.

Attached to this letter is a review of the Company's governance principles in light of ongoing developments in the corporate governance context.

Also attached to this letter is a table showing Old Republic's long-term financial performance compared to various generally recognized benchmarks. Beyond the period covered by table are the ordinary quarterly dividends and the just announced $1.00 per share special dividend declared by the Board in 2019. Actions speak louder than words; numbers speak for themselves.

The statement of governance principles and the performance table were given important consideration in the Board's review of the shareholder voting results and its decision to take no action. We encourage the reader to review them both.

Respectfully submitted on behalf of the Board of Directors,

OLD REPUBLIC INTERNATIONAL CORPORATION

307 North Michigan Avenue, Chicago, Illinois 60601-5382 | T: 312.346.8100

Summary of Old Republic Governance Principles in Light of the Current Corporate Governance Environment

Old Republic's Corporate Governance

Our business is the assumption of risk and we are managed for the long term. Our corporate purpose is clearly stated: "To provide quality insurance security and related services to businesses, individuals, and public institutions, and be a dependable long-term steward of the trust that policyholders, shareholders, and other important stakeholders place in us." Many of the risks we assume are long-tail and claims may not be incurred or reported for years or even decades. In this, we are vested with a public trust, to manage our business to meet the needs of our customers and their communities long into the future.

For decades, Old Republic has been managed for the benefit of all its stakeholders. We developed our Lodestar to illustrate this commitment.

Our Lodestar embodies this mission and illustrates the importance of our stakeholders: our customers, our communities, our capital providers and our employees. In recent years, Old Republic has observed increasing support for stakeholder-centric governance in both the political[1] and business communities. In the release of its *Statement on the Purpose of a Corporation* on August 19, 2019, the Business

[1] Though political ideology is not relevant for Old Republic's business, we note that politicians on both the right and left are showing increased support for a stakeholder-based model of corporate governance. See *Sen. Elizabeth Warren, Republicans, CEOs, & BlackRock's Larry Fink Unite Around "Accountable Capitalism"*, Jay Gilbert, Forbes, August 15, 2018.

Roundtable made a clear commitment to the important role played by all corporate stakeholders in the American economy.[2] The Business Roundtable's *Statement* received widespread news coverage and generated significant commentary from academics, corporate executives, investors and other market observers. What is of most interest to Old Republic, however, is that the principles set forth in the *Statement* are those that have long guided our business and which form the points of our Lodestar.

Focus on the long term

In managing our business for the benefit of our stakeholders, Old Republic maintains a disciplined long-term view. Here too, we are encouraged that more institutional investors and commentators are aligning with our emphasis on the long-term. For example, in his annual letter to chief executive officers, Larry Fink, Chairman and Chief Executive Officer of BlackRock, Inc., a significant Old Republic institutional shareholder, stated "when a company truly understands and expresses its purpose, it functions with the focus and strategic discipline that drive long-term profitability."[3]

Renewed focus on the long term is not just for large, institutional holders like BlackRock. As SEC Commissioner Jay Clayton put it in May 2019, "[o]ur Main Street investors who, day in and day out, put their hard-earned money to work for the long term are the reason why we have the deepest, most dynamic and most liquid capital markets in the world. . . . Put simply, our Main Street investors are more than ever focused on long-term results."[4]

We agree with the important principle expressed by both Mr. Fink and Chairman Clayton—the interests of stakeholders and the American economy more broadly rely on corporate stewards taking the long-term view of performance and value creation.

Even in light of this emphasis on long-term management, we note that many institutional holders, including BlackRock, withheld votes in favor of certain of our directors. We believe that this result can be explained in part by (i) the natural tendency of institutional investors to create a single series of voting recommendations (i.e., one size fits all) on governance matters; and (ii) the fact that the interests of institutional holders do not necessarily align with the interests of other stakeholders.

One-Size-Fits-All Governance

With thousands of publicly traded companies and many thousand more proposals to evaluate each year, it is perhaps understandable that institutional investors make broad generalizations about the desirability of corporate governance initiatives that may not reflect the individual characteristics of an issuer or the practical value of a particular proposal for an individual issuer. Even so, our perception is that the use of broad generalities means that some governance initiatives are emphasized even where they will have limited or no practical effect.

For example, notwithstanding CalPERS' contention in its proposal that "proxy access is fundamental to a sustainable system of governance…", such a right is not set forth in the corporate law of any US jurisdiction. Moreover, prior to the 2019 proxy season, such a by-law has been used only once at a US corporation, where it failed.[5] This suggests that proxy access can hardly be characterized, at least at present, as "fundamental" in any sense of the word. Instead, we think the push to adopt such by-laws

[2] Available at: https://opportunity.businessroundtable.org/ourcommitment/.
[3] Larry Fink, 2019 Letter to CEOs, *Purpose & Profit*.
[4] Statement of Chairman Jay Clayton, *Statement Announcing SEC Staff Roundtable on Short-Term / Long-Term Management of Public Companies, Our Periodic Reporting System and Regulatory Requirements*, May 20, 2019.
[5] Information obtained from the Sidley Austin LLP law firm update, *Latest on Proxy Access*, dated January 11, 2019.

reflects an almost symbolic approach to corporate governance, where adherence to certain concepts is a signifier for "good" governance, regardless of whether the interests of a corporation's stakeholders are actually being served.[6]

We do not believe that there is any meaningful empirical evidence to conclude that proxy access creates value for shareholders.[7] This concern is not limited to just proxy access proposals. A recent study on the effect of shareholder climate change proposals similarly found little or no effect on shareholder value.[8]

We believe the pursuit of symbolic governance initiatives provides little benefit and creates harmful distractions, making it more difficult for corporate boards to serve the needs of corporate stakeholders.

Shareholders—and Stakeholders—do not have a single, unified interest

If one asks who benefits from good corporate governance, the answer tends to be "the shareholders." And yet, there are many thousands of Old Republic shareholders, and many more than that, if you count those who have an indirect economic interest through fund ownership. These shareholders are not the same and have different priorities, which may be adverse to one another. For example, an activist hedge fund may seek a short-term gain at the expense of the long-term health of the business, potentially hurting investors with a longer investment horizon, as well as customers and employees. This is perfectly permissible—shareholders ordinarily owe no duty to one another or other stakeholders—but it clearly is not in the interests of the company as a whole.[9] In reality, the activist investor is doing nothing more than attempting to transfer value to itself at the expense of other stakeholders.

In her article *The Dumbest Business Idea Ever. The Myth of Maximizing Shareholder Value*, the late Professor Lynn Stout stated "Shareholders actually are human beings who happen to own shares, and human beings have different interests and values."[10] It is not at all clear that institutional voting patterns and the priorities of institutional investors, which emphasize environmental, social and governance matters, are supported by those actual human beings. In a recent survey of more than 5,000 retail investors, 91% indicated a preference for wealth maximization over political/social objectives.[11]

Thus, in claiming to represent the interests of "shareholders", institutional holders are offering an incomplete picture of share ownership and shareholder interests.

Value Creation

Whether their interests are unified or not, our shareholders are fundamental to our business as the providers of financial capital. Our focus on the long-term interest of stakeholders does not eliminate, but in fact underscores our responsibility for creating value for our shareholders and other capital providers. In evaluating our performance, we must remain accountable for our results. Over the last several years, we have shared in our Annual Proxy Statement a great deal of historical performance data comparing the

---

[6] For a more detailed discussion of this concept, see *Symbolic Corporate Governance Politics*, Marcel Kahan and Edward Rock, 94 Boston University Law Review 1997 (2014).
[7] Bernard Sharfman, *What Theory and Empirical Evidence Tell Us about Proxy Access* ("So far, the empirical evidence provides weak and conflicting evidence on the value of universal proxy access.").
[8] J. Kalt and A. Turki, *Political, Social, and Environmental Shareholder Resolutions" Do they Create or Destroy Shareholder Value*. This study was supported by the National Association of Manufacturers.
[9] For an important discussion of this dynamic, please see Joseph Bower's and Lynn Paine's article *The Error at the Heart of Corporate Leadership*, Harvard Business Review, May-June 2017.
[10] Lynn Stout, originally published in The European Financial Review, April/May 2013 edition.
[11] *Exile of Main Street: Providing a Voice to Retail Investors on the Proxy Advisory Industry*.

Company’s performance against certain benchmarks. We believe these data establish that our governance structure and consistently-followed practices have produced significant value for long-term investors.

Old Republic’s Corporate Governance—For the Benefit of All Stakeholders

Our directors, as fiduciaries for the Company, are called upon to balance the interests of our stakeholders when they are in competition, always with an eye towards the long-term success of our business and value creation for our shareholders. It is therefore the job of our Board alone—not any one constituency—to determine the appropriate governance for Old Republic.

ORI: Fifty One Years Total Market Value Return Compared with the S&P 500 Index

OLD REPUBLIC INTERNATIONAL CORPORATION
Total Returns Compared to Nominal GDP and Selected S&P Indices' Returns

	Old Republic International Corporation (1)					Nominal Gross Domestic Product (GDP)(2)	S&P 500 Index (3)	S&P Insurance Index (3)
Year	Year End Book Value	Year End Market Price	Annual Cash Dividend Declared	Total Book Value Annual & Compounded Return	Total Market Annual & Compounded Return	Total Annual & Compounded Return	Total Annual & Compounded Return	Total Annual & Compounded Return
1967	$0.243	$0.338						
1968	0.280	0.472	$0.007	18.2%	41.8%	9.4%	11.0%	
1969	0.312	0.336	0.010	15.1%	-26.6%	8.2%	-8.4%	
1970	0.360	0.528	0.012	19.2%	60.7%	5.5%	3.9%	
1971	0.472	0.840	0.014	34.9%	61.7%	8.5%	14.3%	
1972	0.480	1.240	0.016	5.1%	49.5%	9.8%	19.0%	
1973	0.472	0.456	0.018	2.2%	-61.7%	11.4%	-14.7%	
1974	0.376	0.408	0.020	-16.1%	-6.1%	8.4%	-26.5%	
1975	0.288	0.440	0.020	-18.1%	12.7%	9.0%	37.2%	
1976	0.560	0.624	0.011	98.3%	44.4%	11.2%	23.9%	
1977	0.792	0.792	0.022	45.3%	30.4%	11.1%	-7.2%	
1978	0.976	0.976	0.033	27.4%	27.4%	13.0%	6.6%	
10 Year Compound Annual Growth Rate				**17.5%**	**10.7%**	**9.6%**	**3.2%**	
1979	1.080	1.112	0.052	16.0%	19.3%	11.7%	18.6%	
1980	1.224	0.888	0.054	18.3%	-15.3%	8.8%	32.5%	
1981	1.392	1.144	0.054	18.1%	34.9%	12.2%	-4.9%	
1982	1.648	1.456	0.056	22.4%	32.2%	4.3%	21.5%	
1983	1.888	2.353	0.058	18.1%	65.6%	8.7%	22.6%	
1984	2.208	2.039	0.059	20.1%	-11.0%	11.1%	6.3%	
1985	2.304	3.014	0.062	7.1%	51.3%	7.5%	31.7%	
1986	2.528	2.316	0.065	12.5%	-21.5%	5.5%	18.7%	
1987	2.952	1.861	0.068	19.5%	-17.2%	6.0%	5.3%	
1988	3.152	2.345	0.071	9.2%	30.0%	7.9%	16.6%	
10 Year Compound Annual Growth Rate				**16.0%**	**13.0%**	**8.3%**	**16.3%**	
1989	3.544	2.604	0.076	14.8%	14.2%	7.7%	31.7%	
1990	3.920	2.465	0.081	12.9%	-2.3%	5.7%	-3.2%	-13.5%
1991	4.456	4.207	0.086	15.9%	75.0%	3.3%	30.4%	29.3%
1992	5.072	5.896	0.094	15.3%	42.7%	5.9%	7.6%	18.4%
1993	5.744	5.363	0.102	15.3%	-7.4%	5.2%	10.1%	5.2%
1994	6.112	5.037	0.111	8.3%	-4.0%	6.3%	1.3%	-0.3%
1995	7.248	8.415	0.121	20.6%	70.1%	4.8%	37.5%	41.0%
1996	7.768	9.511	0.148	9.2%	15.1%	5.7%	22.9%	23.5%
1997	8.312	13.222	0.178	9.3%	41.2%	6.2%	33.3%	46.4%
1998	9.216	12.000	0.206	13.4%	-7.8%	5.7%	28.5%	9.7%
10 Year Compound Annual Growth Rate				**13.5%**	**20.2%**	**5.6%**	**19.2%**	**16.3%**
1999	9.590	7.267	0.262	6.9%	-37.5%	6.3%	21.0%	7.4%
2000	11.000	17.066	0.294	17.8%	142.1%	6.5%	-9.1%	34.9%
2001	12.480	14.938	0.314	16.3%	-10.6%	3.2%	-11.9%	-12.4%
2002	13.960	14.934	0.336	14.6%	2.0%	3.4%	-22.1%	-20.7%
2003	15.650	20.288	0.890 *	18.5%	42.4%	4.8%	28.7%	21.0%
2004	16.940	20.240	0.403	10.8%	1.9%	6.6%	10.9%	7.2%
2005	17.530	21.008	1.312 *	11.2%	10.5%	6.7%	4.9%	14.1%
2006	18.910	23.280	0.590	11.2%	13.9%	6.0%	15.8%	10.9%
2007	19.710	15.410	0.630	7.6%	-31.5%	4.6%	5.6%	-6.3%
2008	15.910	11.920	0.670	-15.9%	-18.0%	1.8%	-37.0%	-58.1%
10 Year Compound Growth Rate				**9.4%**	**3.5%**	**5.0%**	**-1.4%**	**-4.2%**
2009	16.490	10.040	0.680	7.9%	-10.1%	-1.8%	26.4%	13.9%
2010	16.160	13.630	0.690	2.2%	43.4%	3.8%	15.1%	15.8%
2011	14.760	8.920	0.700	-4.3%	-27.2%	3.7%	2.1%	-8.3%
2012	14.030	10.650	0.710	-0.1%	23.4%	4.2%	16.0%	19.1%
2013	14.640	17.270	0.720	9.5%	70.7%	3.6%	32.4%	46.7%
2014	15.150	14.630	0.730	8.5%	-11.2%	4.4%	13.7%	8.3%
2015	14.980	18.630	0.740	3.8%	33.4%	4.0%	1.4%	2.3%
2016	17.160	19.000	0.750	19.6%	6.2%	2.7%	12.0%	17.6%
2017	17.720	21.380	1.760 *	13.5%	16.9%	4.2%	21.8%	16.2%
2018	$17.230	$20.570	$0.780	1.6%	4.8%	5.5%	-4.4%	-11.2%
10 Year Compound Annual Growth Rate				**6.0%**	**11.8%**	**3.4%**	**13.1%**	**11.0%**
51 Year Compound Annual Growth Rate				**12.5%**	**12.2%**	**6.4%**	**9.8%**	**7.0%**

Note: (*) Includes special year-end cash dividends of $1.000, $0.800, and $0.534 per share at December 31, 2017, 2005, and 2003, respectively.

Sources: (1) Old Republic Database
(2) Nominal Gross Domestic Product from Federal Reserve Bank St. Louis, with 2018 estimate.
(3) Standard & Poor's Indices from S&P Global Market Intelligence LLC. Data for years 1989 and prior is not available for the S&P Insurance Index. Accordingly, the compound growth rate for 1989–1998 is for 9 years only, while the rate for 1989–2018 is for 29 years only.