



Managing for the Long Run

4th Quarter 2009
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 2009, the Company's total market return, with dividends reinvested, has grown at a compounded annual rate of 9.7 percent per share. For the same period, the total market return, with dividends reinvested, for the S&P 500 Index has grown at a 10.5 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 11.6 percent per share, and the regular cash dividend has grown at a 10.3 percent annual compound rate. According to the most recent edition of *Mergent's Dividend Achievers*, Old Republic is one of just 120 companies, out of 10,000-plus publicly held corporations, that have posted at least 25 consecutive years of annual dividend growth.

Managing for the Long Run.

LETTER TO THE SHAREHOLDERS

Old Republic experienced further operating difficulties in the quarter and year ended December 31, 2009. Since mid-year 2007, the most significant declines in operating income have been due to the Company's mortgage guaranty and other insurance coverages linked to the housing and consumer credit fields.

Full year 2009 mortgage guaranty and consolidated operating results benefited from a GAAP accounting requirement that premiums received for certain, largely non-recurring reinsurance contract terminations ("commutations"), be recognized immediately as income. As a consequence, 2009 pretax operating earnings benefited by \$76.3 million (\$49.6 million after tax or \$0.21 per share) from such premiums. Substantially all of these premiums will likely be absorbed by loss costs related to the future years' risk exposures they are designed to cover. General insurance performance declined due to a reduction of underwriting profitability among several coverages. At the same time, title operations returned to profitability due to an increase in real estate transactions, growth in market share, and expense control management.

The net loss for 2009's final quarter was reduced by post-tax realized investment gains of \$4.4 million (\$0.02 per share). For all of 2009, these investment gains, amounting to \$58.1 million (\$0.25 per share), are related principally to tax credits which could not be recognized previously due to the application of certain accounting rules. Those rules pertain to the tax treatment of losses from other-than-temporary impairments of investments, most of which originated in the second quarter of 2008.

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

	Quarters Ended December 31,			Years Ended December 31,		
	2009	2008	Change	2009	2008	Change
Operating revenues:						
General insurance	\$ 507.4	\$ 547.2	-7.3%	\$ 2,052.7	\$ 2,255.9	-9.0%
Mortgage guaranty	161.0	171.1	-5.9	746.1	690.0	8.1
Title insurance	275.0	160.1	71.8	914.1	681.3	34.2
Corporate and other	21.7	21.1	2.6	84.3	96.8	-12.9
Total	<u>\$ 965.2</u>	<u>\$ 899.7</u>	<u>7.3%</u>	<u>\$ 3,797.2</u>	<u>\$ 3,724.2</u>	<u>2.0%</u>
Pretax operating income (loss):						
General insurance	\$ 51.7	\$ 71.1	-27.2%	\$ 200.1	\$ 294.3	-32.0%
Mortgage guaranty	(125.9)	(178.3)	29.4	(486.4)	(594.3)	18.2
Title insurance	1.5	(19.3)	108.1	2.1	(46.3)	104.7
Corporate and other	(.2)	2.1	-112.9	4.0	13.5	-70.1
Sub-total	<u>(72.9)</u>	<u>(124.4)</u>	<u>41.4</u>	<u>(279.9)</u>	<u>(332.7)</u>	<u>15.9</u>
Realized investment gains (losses):						
From sales	14.9	(30.2)		15.9	(4.1)	
From impairments	(8.0)	(33.3)		(9.5)	(482.3)	
Net realized investment gains (losses)	<u>6.9</u>	<u>(63.5)</u>	<u>110.9</u>	<u>6.3</u>	<u>(486.4)</u>	<u>101.3</u>
Consolidated pretax income (loss)	<u>(65.9)</u>	<u>(188.0)</u>	<u>64.9</u>	<u>(273.6)</u>	<u>(819.2)</u>	<u>66.6</u>
Income taxes (credits)	(29.2)	(61.5)	52.5	(174.4)	(260.8)	33.1
Net income (loss)	<u>\$ (36.7)</u>	<u>\$ (126.5)</u>	<u>70.9%</u>	<u>\$ (99.1)</u>	<u>\$ (558.3)</u>	<u>82.2%</u>
Consolidated underwriting ratio:						
Benefits and claim ratio	73.9%	87.3%		76.7%	81.8%	
Expense ratio	44.7	39.6		41.8	39.1	
Composite ratio	<u>118.6%</u>	<u>126.9%</u>		<u>118.5%</u>	<u>120.9%</u>	
Components of diluted earnings per share:						
Net operating income (loss)	\$ (0.17)	\$ (0.31)	45.2%	\$ (0.67)	\$ (0.81)	17.3%
Net realized investment gains (losses)	0.02	(0.23)		0.25	(1.60)	
Net income (loss)	<u>\$ (0.15)</u>	<u>\$ (0.54)</u>	<u>72.2%</u>	<u>\$ (0.42)</u>	<u>\$ (2.41)</u>	<u>82.6%</u>
Cash dividends paid per share	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>- %</u>	<u>\$ 0.68</u>	<u>\$ 0.67</u>	<u>1.5%</u>

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition and any non-recurring items on period-to-period comparisons. Operating income, however, does not replace net income computed in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") of generally accepted accounting principles ("GAAP") as a measure of total profitability.

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 for 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, unusual 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.

General Insurance Results – Pretax operating earnings for the periods reported upon were affected mostly by reduced premium volume and moderately higher claim and expense ratios. The following table shows these effects:

	General Insurance Group					
	Quarters Ended December 31,			Years Ended December 31,		
	2009	2008	Change	2009	2008	Change
Net premiums earned	\$ 437.6	\$ 481.8	-9.2%	\$ 1,782.5	\$ 1,989.3	-10.4%
Net investment income	67.1	64.4	4.2	258.9	253.6	2.1
Pretax operating income (loss)	\$ 51.7	\$ 71.1	-27.2%	\$ 200.1	\$ 294.3	-32.0%
Claim ratio	77.1%	73.7%		76.3%	73.0%	
Expense ratio	25.0	24.1		25.8	24.2	
Composite ratio	102.1%	97.8%		102.1%	97.2%	

Earned premiums for the large majority of insurance coverages continued to trend lower throughout 2009. As in the recent past, premium growth has been constrained by the combination of a moderately declining rate environment during the past three years or so, and by recessionary economic conditions. These conditions affect such factors as sales and employment levels, both of which are important elements upon which premiums are based.

General insurance investment income trends benefited from greater invested asset balances.

Overall claim ratios continued to trend moderately higher in 2009's fourth quarter and for the year as a whole. 2009 claim experience for the consumer credit indemnity ("CCI") coverage in particular remained at high levels, adding approximately 7.9 and 7.3 percentage points to the above claim ratios for the fourth quarter and year 2009, respectively. By comparison, CCI claim experience in the same quarter and year 2008 raised general insurance claim ratios by 4.1 and 6.1 percentage points, respectively. Aggregate claim experience for other coverages, however, remained relatively consistent. Production and general operating expenses edged up slightly in 2009 as the expense reduction lagged a larger drop in earned premiums.

Mortgage Guaranty Results – 2009 mortgage guaranty operating results benefited from the non-recurring captive reinsurance premiums receipts noted above. Key indicators of this segment's evolving performance are shown in the following table:

	Mortgage Guaranty Group					
	Quarters Ended December 31,			Years Ended December 31,		
	2009	2008	Change	2009	2008	Change
Net premiums earned	\$ 136.0	\$ 147.2	-7.6%	\$ 644.5	\$ 592.5	8.8%
Net investment income	23.5	21.8	7.5	92.0	86.8	5.9
Pretax operating income (loss)	\$ (125.9)	\$ (178.3)	29.4%	\$ (486.4)	\$ (594.3)	18.2%
Claim ratio	195.8%	220.5%		176.0%	199.3%	
Expense ratio	12.8	15.4		12.6	15.7	
Composite ratio	208.6%	235.9%		188.6%	215.0%	

Absent the aforementioned effect of the reinsurance commutations, mortgage guaranty earned premiums declined in each of this year's quarterly periods. The lower premium levels resulted mostly from the more selective underwriting criteria applied since late 2007, from an overall decline in the industry's business penetration, and from higher premium refunds related to claim rescissions. These factors were attenuated somewhat by relatively high persistency levels for business produced in prior years, and by a continuing decline in premiums ceded to lender-owned (captive) reinsurance companies.

During 2009's third quarter, Old Republic's Mortgage Guaranty Group entered into reinsurance termination agreements ("commutations") with four lender-owned captive reinsurers. As part of the transactions, the Company received reinsurance premiums of \$82.5 million to cover losses expected to occur after the contract termination date.

Under GAAP, these reinsurance commutations have been treated as the termination of risk transfer reinsurance arrangements rather than transactions in which the Company takes on new or additional insurance risk. As a result of this GAAP characterization, the premiums received have been booked as current income rather than being deferred and subsequently recognized in the future periods during which the related risk will exist and expected claims will occur. The Company estimates that substantially all of these premiums will likely be absorbed by related claim costs thus negating the current appearance of a gain from the transactions. In the above table, the up front recognition of the \$82.5 million of premiums also has the effect of portraying an increase in 2009's net premiums earned of 8.8%, whereas their exclusion through deferral to future at risk periods would have shown an actual 4.1% decline. As a further consequence of this GAAP premium recognition methodology the 2009 loss ratio dropped from 199.6% to 176.0%, and the 2009 pretax operating loss was reduced from \$562.7 million to \$486.4 million. Excluding these premium recognition effects, quarterly claim ratios throughout 2009 averaged 199.7% versus a comparable average of 199.3% for 2008. Greater claim rescissions and a moderate decline in expected claim severity during 2009 offset to some degree the impact on claim reserve provisions of a continued uptrend in reported delinquent loans. The components of incurred mortgage guaranty claim ratios are shown in the following table.

	Mortgage Guaranty Group			
	Quarters Ended		Years Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Incurring claim ratio from:				
Paid claims	110.7%	99.5%	97.0%	74.8%
Claim reserve provisions	76.5	121.0	102.6	124.5
Effect of commutations	8.6	-	-23.6	-
Total	<u>195.8%</u>	<u>220.5%</u>	<u>176.0%</u>	<u>199.3%</u>

Production and operating expense ratios for all periods reported upon reflect continued success in expense management. Net investment income trended up throughout 2009 as a result of an invested asset base enhanced by positive operating cash flow generated primarily by income tax related asset recoveries and funds received in the above noted reinsurance commutations.

Title Insurance Results – In 2009 Old Republic's title insurance business turned slightly profitable for the first time since 2006. Key operating performance indicators are shown in the following table:

	Title Insurance Group					
	Quarters Ended December 31,			Years Ended December 31,		
	2009	2008	Change	2009	2008	Change
Net premiums and fees earned	\$ 267.8	\$ 154.0	73.9%	\$ 888.4	\$ 656.1	35.4%
Net investment income	6.9	6.0	14.4	25.2	25.1	0.2
Pretax operating income (loss)	\$ 1.5	\$ (19.3)	108.1%	\$ 2.1	\$ (46.3)	104.7%
Claim ratio	8.6%	7.0%		7.9%	7.0%	
Expense ratio	92.5	109.1		93.8	103.6	
Composite ratio	<u>101.1%</u>	<u>116.1%</u>		<u>101.7%</u>	<u>110.6%</u>	

Growth in title premiums and fees for 2009 resulted mostly from greater refinance transactions earlier in the year and from market share gains taken from title industry dislocations and consolidations. Claim costs rose at a quicker pace, however, as the Company added moderately to reserve provisions in consideration of recent claim emergence trends. Production and general operating expenses, while relatively lower as a percentage of premium and fees revenues, rose dollar-wise in reflection of greater personnel and other production costs related to the higher revenues attained and anticipated.

Corporate and Other Operations – The Company's small life and health insurance business and the net costs associated with the parent holding company and internal services subsidiaries produced a much lower operating gain in 2009. Period-to-period variations in the results of these relatively minor elements of Old Republic's operations

usually stem from the volatility inherent to the small scale of its life and health business, fluctuations in the costs of external debt, and net interest on intra-system financing arrangements.

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

	December 31,		
	2009	2008	Change
Cash and invested assets: Fair value basis	\$ 9,879.0	\$ 8,855.1	11.6%
Original cost basis	\$ 9,625.9	\$ 9,210.0	4.5%
Shareholders' equity: Total	\$ 3,891.4	\$ 3,740.3	4.0%
Per common share	\$ 16.49	\$ 15.91	3.6%
Composition of shareholders' equity per share:			
Equity before items below	\$ 14.99	\$ 16.10	-6.9%
Unrealized investment gains (losses) and other accumulated comprehensive income (loss)	1.50	(0.19)	
Total	\$ 16.49	\$ 15.91	3.6%

Consolidated cash flow from operating activities amounted to \$532.9 million for the year ended 2009 versus \$565.6 million for 2008.

The investment portfolio reflects a current allocation of approximately 86 percent to fixed-maturity securities and 5 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 intended to assure solid funding of its subsidiaries' long-term obligations to insurance policyholders and other beneficiaries, and evaluations of their long-term effect on the stability of capital accounts. The portfolio contains little or no 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.

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		
	Years Ended December 31,		
	2009	2008	2007
Beginning balance	\$ 15.91	\$ 19.71	\$ 18.91
Changes in shareholders' equity:			
Net operating income (loss)	(.67)	(.81)	.98
Net realized investment gains (losses):			
From sales	.04	(.01)	.20
From impairments	.21	(1.59)	-
Subtotal	.25	(1.60)	.20
Net unrealized investment gains (losses)	1.59	(.33)	.05
Total realized and unrealized investment gains (losses)	1.84	(1.93)	.25
Cash dividends	(.68)	(.67)	(.63)
Stock issuance, foreign exchange, and other transactions	.09	(.39)	.20
Net change	.58	(3.80)	.80
Ending balance	\$ 16.49	\$ 15.91	\$ 19.71

Old Republic's significant investments in the stocks of two leading publicly held mortgage guaranty ("MI") businesses (MGIC Investment Corp. and The PMI Group) account for a substantial portion of the 2008 realized and unrealized

investment losses shown in the above and following tables. Unrealized losses, including losses on securities categorized as other-than-temporarily impaired (“OTTI”), represent the net difference between the most recently established cost and the fair values of the investments at each point in time. The aggregate original and impaired costs, fair value, and latest reported underlying equity values of the aforementioned two mortgage guaranty investments are shown below.

	December 31,	
	2009	2008
Total value of the two MI investments: Original cost	\$ 416.4	\$ 416.4
Impaired cost	106.8	106.8
Fair value	130.7	82.7
Underlying equity(*)	<u>\$ 303.2</u>	<u>\$ 515.9</u>

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

The above-noted mortgage guaranty holdings were acquired as passive long-term investment additions for a core segment of Old Republic’s business in anticipation of a recovery of the MI industry in 2010. In management’s judgment, the currently depressed market valuations of companies operating in the housing and mortgage-lending sectors of the American economy have been impacted significantly by the cyclical and macroeconomic conditions affecting these sectors, and by the recent dysfunctionality of the banking and mortgage lending industries. For external financial reporting purposes, however, Old Republic uses relatively short time frames in recognizing OTTI adjustments in its income statement. In this context, absent issuer-specific circumstances that would result in a contrary conclusion, all unrealized investment losses pertaining to any equity security reflecting a 20 percent or greater decline for a six month period is considered OTTI. Unrealized losses that are deemed temporary and all unrealized gains are recorded directly as a separate component of the shareholders’ equity account and in the consolidated statement of comprehensive income. As a result of accounting idiosyncrasies, however, OTTI losses recorded in the income statement of one period can not be offset in the income statement of a subsequent period by fair value gains on the previously impaired securities unless the gains are realized through actual sales. Such unrealized fair value gains can only be recognized through direct credits in the shareholders’ equity account and in the consolidated statement of comprehensive income.

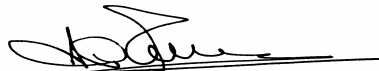
2009 Capital Raise - Early in 2009’s second quarter, the Company obtained gross proceeds of \$316.25 million through a public offering of 8% convertible Senior Notes due in 2012. The funds were used mostly to enhance the capital base of the general and title insurance segments, and to repay a portion of commercial paper debt previously incurred to strengthen the capital of the mortgage guaranty segment as of year end 2008. Along with the growth oriented capital additions to businesses with good prospects for the long term, the new funds enhance the stability and resiliency of Old Republic’s consolidated capitalization.

Outlook

In our view, the near term prospects for the American economy are not very auspicious. We are managing the Company's widely diversified insurance lines on the assumption that the economic recovery will be rather labored and take much longer to achieve than originally anticipated. Continuing difficulties in the housing, banking, and related financial services sectors, all of which tend to be most affected by consumer income and employment levels, are expected to lend to the slow pace of the rebound. Moreover, the likelihood that interest rates will begin to rise during 2010 could lengthen the road to recovery.

In this context Old Republic's 2010 operations should nonetheless post better results than was achieved in the past two years. While our general insurance segment is not expected to have significant opportunities for top line growth, underwriting performance should improve moderately and come within reach of profitability. Our mortgage guaranty line probably bore the brunt of claim incidence and severity during the height of 2009's recessionary environment. As 2010 progresses, however, these costs should begin to subside thus reducing downward pressure on net income. Title insurance should stay on track with its 2009 profit recovery. The substantial market share gains achieved by our associates in most parts of the nation, together with our new Florida-based title insurance underwriting joint venture should amplify both the top and bottom line benefits we expect from the ultimate recovery of America's housing and mortgage lending industries. In combination our expectations for these three major segments hold the possibility of guiding Old Republic's bottom line into the profit column towards the later part of 2010.

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



**Aldo C. Zucaro
Chairman and Chief Executive Officer**

**Chicago, Illinois
January 28, 2010**

Old Republic International Corporation

Financial Summary (Unaudited)

SUMMARY BALANCE SHEETS:	December 31,	
	2009	2008
Assets:		
Cash and fixed maturity securities.....	\$ 9,230.9	\$ 8,358.9
Equity securities	502.9	350.3
Other invested assets.....	145.2	145.8
Cash and invested assets	9,879.0	8,855.1
Accounts and premiums receivable.....	788.6	806.7
Federal income tax recoverable: Current	7.3	41.0
Reinsurance balances recoverable	2,558.0	2,448.0
Prepaid federal income taxes	221.4	463.4
Sundry assets	735.4	651.7
Total	<u>\$ 14,190.0</u>	<u>\$ 13,266.0</u>
Liabilities and Shareholders' Equity:		
Policy liabilities	\$ 1,223.4	\$ 1,293.0
Benefit and claim reserves	7,915.0	7,241.3
Federal income tax payable:Deferred.....	47.5	77.3
Debt.....	346.7	233.0
Sundry liabilities.....	765.8	680.9
Shareholders' equity	3,891.4	3,740.3
Total	<u>\$ 14,190.0</u>	<u>\$ 13,266.0</u>

SUMMARY INCOME STATEMENTS:	Quarters Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
Net premiums and fees earned	\$ 860.9	\$ 800.6	\$ 3,388.9	\$ 3,318.1
Net investment income	99.5	95.0	383.5	377.3
Other income	4.7	4.0	24.8	28.7
Net realized investment gains (losses).....	6.9	(63.5)	6.3	(486.4)
Total revenues	<u>972.2</u>	<u>836.1</u>	<u>3,803.6</u>	<u>3,237.7</u>
Benefits and claims	636.0	698.5	2,598.9	2,715.7
Sales and other expenses	402.1	325.5	1,478.3	1,341.2
Total expenses	<u>1,038.2</u>	<u>1,024.1</u>	<u>4,077.2</u>	<u>4,056.9</u>
Pretax income (loss).....	(65.9)	(188.0)	(273.6)	(819.2)
Income taxes (credits)	(29.2)	(61.5)	(174.4)	(260.8)
Net income (loss)	<u>\$ (36.7)</u>	<u>\$ (126.5)</u>	<u>\$ (99.1)</u>	<u>\$ (558.3)</u>

COMMON STOCK STATISTICS (a):

Net income (loss): Basic	\$ (.15)	\$ (.54)	\$ (.42)	\$ (2.41)
Diluted	<u>\$ (.15)</u>	<u>\$ (.54)</u>	<u>\$ (.42)</u>	<u>\$ (2.41)</u>
Components of earnings per share:				
Basic, net operating income (loss).....	\$ (.17)	\$ (.31)	\$ (.67)	\$ (.81)
Realized investment gains (losses)02	(.23)	.25	(1.60)
Basic net income (loss)	<u>\$ (.15)</u>	<u>\$ (.54)</u>	<u>\$ (.42)</u>	<u>\$ (2.41)</u>
Diluted, net operating income (loss)	\$ (.17)	\$ (.31)	\$ (.67)	\$ (.81)
Realized investment gains (losses)02	(.23)	.25	(1.60)
Diluted net income (loss)	<u>\$ (.15)</u>	<u>\$ (.54)</u>	<u>\$ (.42)</u>	<u>\$ (2.41)</u>
Cash dividends on common stock.....	\$.17	\$.17	\$.68	\$.67
Book value per share.....			<u>\$ 16.49</u>	<u>\$ 15.91</u>
Common shares outstanding:				
Average basic	<u>235,913,036</u>	<u>233,763,723</u>	<u>235,657,425</u>	<u>231,484,083</u>
Average diluted	<u>235,913,036</u>	<u>233,763,723</u>	<u>235,657,425</u>	<u>231,484,083</u>
Actual, end of period			<u>235,995,121</u>	<u>235,031,776</u>

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME (LOSS):

Net income (loss) as reported	\$ (36.7)	\$ (126.5)	\$ (99.1)	\$ (558.3)
Post-tax net unrealized gains (losses).....	8.3	7.1	376.1	(78.1)
Other adjustments	2.0	(49.6)	19.3	(56.9)
Net adjustments	<u>10.3</u>	<u>(42.5)</u>	<u>395.4</u>	<u>(135.1)</u>
Comprehensive income (loss)	<u>\$ (26.3)</u>	<u>\$ (169.0)</u>	<u>\$ 296.3</u>	<u>\$ (693.4)</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 December 31, 2009									
General	\$ 437.6	\$ 67.1	\$ 2.6	\$ 507.4	\$ 337.3	\$ 118.3	\$ 455.6	\$ 51.7	102.1%
Mortgage	136.0	23.5	1.4	161.0	266.4	20.6	287.0	(125.9)	208.6
Title	267.8	6.9	.2	275.0	22.9	250.5	273.4	1.5	101.1
Other	19.3	1.9	.4	21.7	9.2	12.7	22.0	(.2)	-
Consolidated	<u>\$ 860.9</u>	<u>\$ 99.5</u>	<u>\$ 4.7</u>	<u>\$ 965.2</u>	<u>\$ 636.0</u>	<u>\$ 402.1</u>	<u>\$ 1,038.2</u>	<u>\$ (72.9)</u>	<u>118.6%</u>

Quarter Ended December 31, 2008

General	\$ 481.8	\$ 64.4	\$ 0.9	\$ 547.2	\$ 355.3	\$ 120.7	\$ 476.1	\$ 71.1	97.8%
Mortgage	147.2	21.8	1.9	171.1	324.8	24.6	349.5	(178.3)	235.9
Title	154.0	6.0	-	160.1	10.7	168.6	179.4	(19.3)	116.1
Other	17.3	2.6	1.1	21.1	7.6	11.4	19.0	2.1	-
Consolidated	<u>\$ 800.6</u>	<u>\$ 95.0</u>	<u>\$ 4.0</u>	<u>\$ 899.7</u>	<u>\$ 698.5</u>	<u>\$ 325.5</u>	<u>\$ 1,024.1</u>	<u>\$ (124.4)</u>	<u>126.9%</u>

Year Ended December 31, 2009

General	\$ 1,782.5	\$ 258.9	\$ 11.1	\$ 2,052.7	\$ 1,360.3	\$ 492.1	\$ 1,852.5	\$ 200.1	102.1%
Mortgage	644.5	92.0	9.5	746.1	1,134.1	98.3	1,232.5	(486.4)	188.6
Title	888.4	25.2	.4	914.1	70.3	841.6	911.9	2.1	101.7
Other	73.3	7.2	3.6	84.3	34.1	46.1	80.2	4.0	-
Consolidated	<u>\$ 3,388.9</u>	<u>\$ 383.5</u>	<u>\$ 24.8</u>	<u>\$ 3,797.2</u>	<u>\$ 2,598.9</u>	<u>\$ 1,478.3</u>	<u>\$ 4,077.2</u>	<u>\$ (279.9)</u>	<u>118.5%</u>

Year Ended December 31, 2008

General	\$ 1,989.3	\$ 253.6	\$ 13.0	\$ 2,255.9	\$ 1,452.3	\$ 509.2	\$ 1,961.5	\$ 294.3	97.2%
Mortgage	592.5	86.8	10.6	690.0	1,180.7	103.6	1,284.4	(594.3)	215.0
Title	656.1	25.1	-	681.3	45.6	681.9	727.6	(46.3)	110.6
Other	80.1	11.6	4.9	96.8	36.8	46.3	83.2	13.5	-
Consolidated	<u>\$ 3,318.1</u>	<u>\$ 377.3</u>	<u>\$ 28.7</u>	<u>\$ 3,724.2</u>	<u>\$ 2,715.7</u>	<u>\$ 1,341.2</u>	<u>\$ 4,056.9</u>	<u>\$ (332.7)</u>	<u>120.9%</u>

Old Republic International Corporation

Segmented Operating Statistics

	Quarters Ended December 31		Years Ended December 31,	
	2009	2008	2009	2008
General Insurance:				
Benefits and claim ratio	77.1%	73.7%	76.3%	73.0%
Expense ratio	25.0	24.1	25.8	24.2
Composite ratio	102.1%	97.8%	102.1%	97.2%
Paid loss ratio	77.0%	74.8%	75.5%	69.9%
Mortgage Guaranty:				
New insurance written:				
Traditional Primary	\$ 1,120.3	\$ 2,690.3	\$ 7,899.2	\$ 20,861.9
Bulk	-	-	-	3.5
Other	-	27.2	0.5	1,123.5
Total	\$ 1,120.3	\$ 2,717.5	\$ 7,899.8	\$ 21,989.0
Risk in force:				
Traditional Primary			\$ 18,727.9	\$ 20,463.0
Bulk			1,776.7	2,055.0
Other			297.2	457.0
Total			\$ 20,801.9	\$ 22,975.1
By loan type:				
Traditional Primary:				
Fixed rate			96.3%	95.8%
Adjustable rate			3.7%	4.2%
Bulk:				
Fixed rate			75.4%	74.4%
Adjustable rate			24.6%	25.6%
Balance Sheet Leverage Ratios (b):				
Risk to Capital Ratio -				
Performing risk basis			23.1:1	18.8:1
Total Financial Resources				
to Risk Ratio			13.0%	11.2%
Earned premiums:				
Direct	\$ 152.5	\$ 172.4	\$ 648.6	\$ 698.4
Net	\$ 136.0	\$ 147.2	\$ 644.5	\$ 592.5
Persistency:				
Traditional Primary			82.8%	83.9%
Bulk			88.3%	88.4%
Delinquency ratio:				
Traditional Primary			16.8%	10.3%
Bulk			30.8%	17.2%
Claim ratio	195.8%	220.5%	176.0%	199.3%
Expense ratio	12.8	15.4	12.6	15.7
Composite ratio	208.6%	235.9%	188.6%	215.0%
Paid loss ratio	115.7%	99.5%	85.5%	74.8%
Title Insurance:				
Direct orders opened	87,855	61,094	358,935	257,743
Direct orders closed	69,780	41,794	274,189	183,117
Reserves to paid losses ratio (b)			4.7:1	5.4:1
Claim ratio	8.6%	7.0%	7.9%	7.0%
Expense ratio	92.5	109.1	93.8	103.6
Composite ratio	101.1%	116.1%	101.7%	110.6%
Paid loss ratio	10.0%	14.7%	8.5%	9.2%
Consolidated:				
Benefits and claim ratio	73.9%	87.3%	76.7%	81.8%
Expense ratio	44.7	39.6	41.8	39.1
Composite ratio	118.6%	126.9%	118.5%	120.9%
Paid loss ratio	61.1%	67.6%	59.2%	58.4%

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 Net	
	High	Low	Close									Operating Income (Loss)	Ending Book Value
2000	\$ 17.07	\$ 5.73	\$ 17.06	134.8%	4.0%	138.8%	\$.29	\$ 1.22	\$ 1.32	\$ 11.00	17.7%	14.0x	1.6x
2001	17.07	12.08	14.93	-12.5	1.8	-10.7	.31	1.46	1.54	12.48	16.4	10.2	1.2
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	15.9	.8
2008	16.50	7.39	11.92	-22.6	4.3	-18.3	.67	(.81)	(2.41)	15.91	-15.9	N/M	.7
2009	\$ 12.71	\$ 7.40	\$ 10.04	-15.8%	5.7%	-10.1%	\$.68	\$ (.67)	\$ (.42)	\$ 16.49	7.9%	N/Mx	.6x
10 Year Average	-	-	-	3.3%	-	7.2%	-	-	-	-	9.5%	6.3x	1.1x

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
2000	\$ 7,281.4	\$ 4,861.1	\$ 2,438.7	\$ 1,736.8	\$ 273.9	\$ 2,070.6	\$ 275.6	\$ 297.5	\$ 254.9	91.6%
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%

Quarterly Statistics Per Share (a)(f)

	Stock Market Quotes			Net Operating Income (Loss)	Net Income (Loss)	Cash Dividends	Ending Book Value With Securities at	
	High	Low	Close				Market	Cost
1st Quarter '07	\$ 23.51	\$ 21.68	\$ 22.12	\$.45	\$.46	\$.15	\$ 19.33	\$ 18.96
2nd Quarter '07	22.38	21.06	21.26	.45	.49	.16	19.51	19.35
3rd Quarter '07	21.73	17.70	18.74	.11	.12	.16	19.81	19.36
4th Quarter '07	19.46	13.73	15.41	(.05)	.09	.16	19.71	19.36
Year '07	23.51	13.73	15.41	\$.97	\$ 1.17	\$.63		
1st Quarter '08	15.91	12.31	12.91	\$ (.08)	\$ (.08)	\$.16	18.99	19.12
2nd Quarter '08	15.46	11.84	11.84	(.22)	(1.58)	.17	17.59	17.37
3rd Quarter '08	16.50	9.32	12.75	(.20)	(.21)	.17	16.96	16.99
4th Quarter '08	12.07	7.39	11.92	(.31)	(.54)	.17	15.91	15.91
Year '08	16.50	7.39	11.92	\$ (.81)	\$ (2.41)	\$.67		
1st Quarter '09	12.61	7.40	10.82	(.23)	(.23)	.17	15.47	15.51
2nd Quarter '09	12.17	9.00	9.85	(.21)	(.07)	.17	15.93	15.31
3rd Quarter '09	12.71	9.15	12.18	(.05)	.03	.17	16.77	15.21
4th Quarter '09	12.41	10.04	10.04	(.17)	(.15)	.17	\$ 16.49	\$ 14.89
Year '09	\$ 12.71	\$ 7.40	\$ 10.04	\$ (.67)	\$ (.42)	\$.68		

N/M = Not meaningful

Notes to Accompanying 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 December 31, 2009. 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 2008 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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