



OLD REPUBLIC International Corporation

Annual Review 2006



Managing For The Long Run

About Old Republic

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. The Company's common stock has a demonstrated history of long-term capital appreciation and a cash dividend payment record that now extends to 65 consecutive years. According to the winter 2007 edition of *Mergent's Dividend Achievers*, Old Republic is one of just 321 companies, out of 10,000-plus publicly held corporations, that have posted at least 10 consecutive years of annual dividend growth. In addition, Old Republic is one of only 121 companies to have attained annual dividend increases for at least 24 consecutive years.

Contents:

2 Managing for the Long Run

6 Management Letter

Business Review:

12 General Insurance Group

20 Mortgage Guaranty Group

24 Title Insurance Group

28 Corporate and Other Operations

29 Capitalization and Financial Ratings

30 Investment Management

34 Past in Perspective

Consolidated Financial Statements:

37 Consolidated Balance Sheets

38 Consolidated Statements of Income

38 Consolidated Statements of
Comprehensive Income

39 Consolidated Statements of Preferred Stock
and Common Shareholders' Equity

40 Consolidated Statements of Cash Flows

41 Ten-Year Financial Summary

42 Ten-Year Operating and Balance
Sheet Statistics

43 Key Operating Subsidiaries



Old Republic

Financial Highlights

(\$ in Millions, Except Per Share Data)

Consolidated Data			
	2006	2005	% Change
Total Revenues	\$ 3,794.2	\$ 3,805.9	-.3%
Pretax Income	680.1	747.3	-9.0
Net Operating Income: Total	452.4	509.1	-11.1
Per Share—Diluted	1.94	2.19	-11.4
Net Income: Total	464.8	551.4	-15.7
Per Share—Diluted	1.99	2.37	-16.0
Operating Cash Flow	1,004.7	833.6	20.5
Assets	12,612.2	11,543.2	9.3
Common Shareholders' Equity: Total	4,369.2	4,024.0	8.6
Per Share	18.91	17.53	7.9
Cash and Invested Assets Per Share	35.62	32.21	10.6
Cash Dividends Per Share*	\$.59	\$ 1.31	-55.0%

Segments of Business						
	Revenues			Pretax Income (Loss)		
	2006	2005	% Change	2006	2005	% Change
General Insurance	\$2,138.7	\$2,017.6	6.0%	\$401.6	\$350.0	14.7%
Mortgage Guaranty	529.9	516.0	2.7	228.4	243.7	-6.3
Title Insurance	1,007.3	1,108.6	-9.1	31.0	88.7	-65.0
Corporate & Other	99.2	98.6	.6	—	(.1)	46.5
Realized Gains	19.0	64.9	-70.7	19.0	64.9	-70.7
Consolidated	\$3,794.2	\$3,805.9	-.3%	\$680.1	\$747.3	-9.0%

* 2005 includes a special year-end cash dividend of \$0.80 per share.

Old Republic International Corporation

Managing

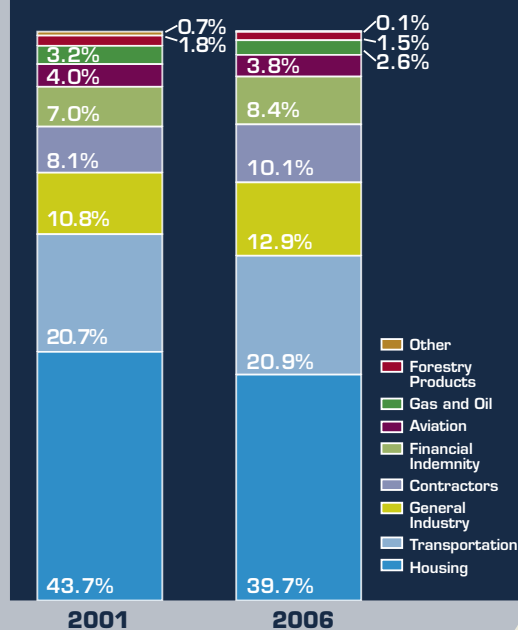
For The Long Run

As a publicly held insurance business, we are required to publish our results each quarter and year. We do so, however, with full appreciation that their meaning can be gauged only in the context of a longer-term perspective. The insurance business differs from most others in that the prices (premiums) we charge for coverages are set without clear knowledge of the ultimate claim costs that will be incurred, often many years after issuance of a policy. This basic fact casts our business as a long-term undertaking and, of necessity, demands that we manage it for the long run. We use reasonably conservative accounting principles in preparing Old Republic's periodic financial statements to provide the greatest assurance that our balance sheet and income statement portray our stewardship realistically.

Old Republic has proven itself as a very good long-term investment. Our record over time distinguishes us not only among insurers, but stacks up very well against the nation's successful corporations. We believe our achievements rest on the Company's independently focused strategy, which encourages the assumption of prudent business risks tempered by a responsibly conservative approach to asset and capital management. As insurance underwriters, we know that we cannot be all things to all people. We therefore manage a focused book of insurance risks to enhance our ability to be the best that we can be. We have structured our operations to provide a variety of coverages and products to core sectors of the American economy. This diversification enables the totality of our business to counter the natural cyclical nature of the insurance industry and produce sustainable and balanced earnings growth.

Our commitment to the creation of long-term shareholder value is evident in the generally consistent growth of our bottom line, book value, quality invested assets, and the dividend record we have compiled. Old Republic has paid regular cash dividends on its common shares without interruption for each of the past 65 years and increased the annual cash dividend rate for each of the past 25 years. This record sets us apart as we are one of only 321 companies—among more than 10,000 publicly held American businesses—to have posted at least 10 consecutive years of annual dividend growth. Moreover, Old Republic is one of just 121 such companies to have increased annual dividends for at least 24 consecutive years.*

Consolidated Gross Premiums And Fees By Major Industry



Old Republic's business mix reflects the continuing strength and diversity of a highly focused business model that emphasizes specialization.

* Source: Mergent's Dividend Achievers, winter 2007 edition.

Total Book Return Compared With S&P 500

Year	Old Republic International Corporation ^(a)				S&P 500 ^(b)	Relative Results	
	Ending Book Value	Cash Dividends Paid ^(c)	Percentage Change in Book Value	Dividend Yield	Total Book Return ^(d)	Total Annual Return	ORI vs. S&P 500
1968	\$0.28	\$0.007	15.2%	2.8%	18.0%	11.0%	7.0%
1969	0.31	0.011	9.4%	3.8%	13.2%	-8.4%	21.6%
1970	0.36	0.012	15.5%	4.0%	19.5%	3.9%	15.6%
1971	0.47	0.014	31.3%	3.9%	35.2%	14.6%	20.6%
1972	0.48	0.016	2.3%	3.4%	5.7%	18.9%	-13.2%
1973	0.47	0.019	-2.2%	3.9%	1.7%	-14.8%	16.5%
1974	0.38	0.020	-19.3%	4.2%	-15.1%	-26.4%	11.3%
1975	0.29	0.020	-23.9%	5.3%	-18.6%	37.2%	-55.8%
1976	0.56	0.011	94.4%	3.9%	98.3%	23.6%	74.7%
1977	0.79	0.022	41.9%	3.9%	45.8%	-7.4%	53.2%
1978	0.98	0.033	22.8%	4.2%	27.0%	6.4%	20.6%
1979	1.08	0.052	10.9%	5.3%	16.2%	18.2%	-2.0%
1980	1.22	0.054	12.8%	5.0%	17.8%	32.3%	-14.5%
1981	1.39	0.054	14.0%	4.4%	18.4%	-5.0%	23.4%
1982	1.65	0.056	18.4%	4.0%	22.4%	21.4%	1.0%
1983	1.89	0.058	14.6%	3.6%	18.2%	22.4%	-4.2%
1984	2.21	0.059	16.9%	3.3%	20.2%	6.1%	14.1%
1985	2.30	0.062	4.3%	2.9%	7.2%	31.6%	-24.4%
1986	2.53	0.065	9.7%	2.7%	12.6%	18.6%	-6.0%
1987	2.95	0.068	16.7%	2.7%	19.4%	5.1%	14.3%
1988	3.15	0.071	6.9%	2.3%	9.2%	16.6%	-7.4%
1989	3.54	0.076	12.4%	2.4%	14.8%	31.7%	-16.9%
1990	3.92	0.081	10.7%	2.2%	13.1%	-3.1%	16.2%
1991	4.46	0.086	13.7%	2.2%	15.9%	30.5%	-14.6%
1992	5.07	0.093	13.8%	2.1%	15.9%	7.6%	8.3%
1993	5.75	0.102	13.4%	1.9%	15.3%	10.1%	5.2%
1994	6.11	0.111	6.3%	2.0%	8.3%	1.3%	7.0%
1995	7.24	0.121	18.5%	2.0%	20.5%	37.6%	-17.1%
1996	7.77	0.148	7.3%	2.0%	9.3%	23.0%	-13.7%
1997	8.31	0.178	7.0%	2.3%	9.3%	33.4%	-24.1%
1998	9.21	0.206	10.8%	2.5%	13.3%	28.6%	-15.3%
1999	9.59	0.261	4.2%	2.8%	7.0%	21.0%	-14.0%
2000	11.00	0.293	14.6%	3.1%	17.7%	-9.1%	26.8%
2001	12.48	0.315	13.5%	2.9%	16.4%	-11.9%	28.3%
2002	13.96	0.336	11.8%	2.7%	14.5%	-22.1%	36.6%
2003 ^(c)	15.65	0.890	12.1%	6.4%	18.6%	28.7%	-10.1%
2004	16.94	0.402	8.2%	2.6%	10.8%	10.9%	-0.1%
2005 ^(c)	17.53	1.312	3.5%	7.7%	11.2%	4.9%	6.3%
2006	\$18.91	\$0.590	7.9%	3.4%	11.3%	15.8%	-4.5%
Annual Average - 1968 to 2006 (39 Years)			12.9%	3.4%	16.3%	11.9%	4.4%

(a) Old Republic's per share statistics have been retroactively restated for stock dividends and splits through December 31, 2006.

The data applicable to the Company are reported on a post-tax basis relative to book value and on a pretax basis with respect to the dividend yield.

(b) Data for the Standard & Poor's 500 Index (S&P 500) are calculated on a pretax basis.

(c) In December 2005 and 2003, special year-end dividends of \$0.800 and \$0.534 per common share, respectively, were declared and paid.

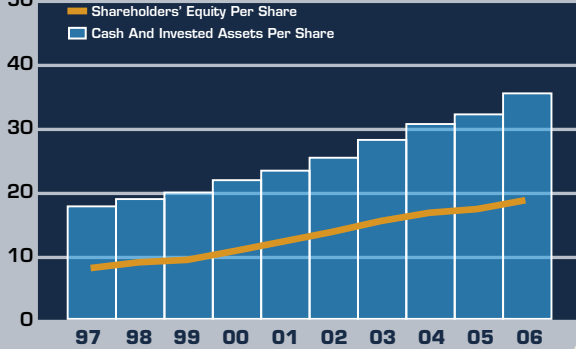
(d) Total book return represents the sum of each year's dividend yield as a percentage of beginning book value per share, plus the percentage change in each year's book value per share.

Managing

For The Long Run *continued*

Cash And Invested Assets Per Share Shareholders' Equity Per Share

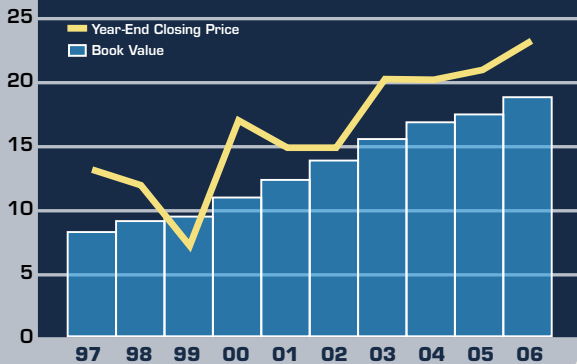
IN DOLLARS



Old Republic's cash and invested assets and shareholders' equity have risen steadily over time due to the growth of both revenues and earnings.

Per Share Data

IN DOLLARS



In the past decade, Old Republic's book value and stock price grew 143.4% and 144.8%, respectively.

Outperforming The S&P 500 Benchmark

The statistical tables on pages three and five reflect our track record in terms of the annual operating results we have posted over the past 39 years. These results are juxtaposed with the stock market's contrasting valuation during that period. The first table compares our annual total book return (the sum of the annual post-tax change in shareholders' equity per share and the pretax dividend yield on that account) with the total pretax annual return for the Standard & Poor's 500 Index. For the 39-year period, our total book return averaged 16.3%, versus 11.9% for the S&P 500 Index.

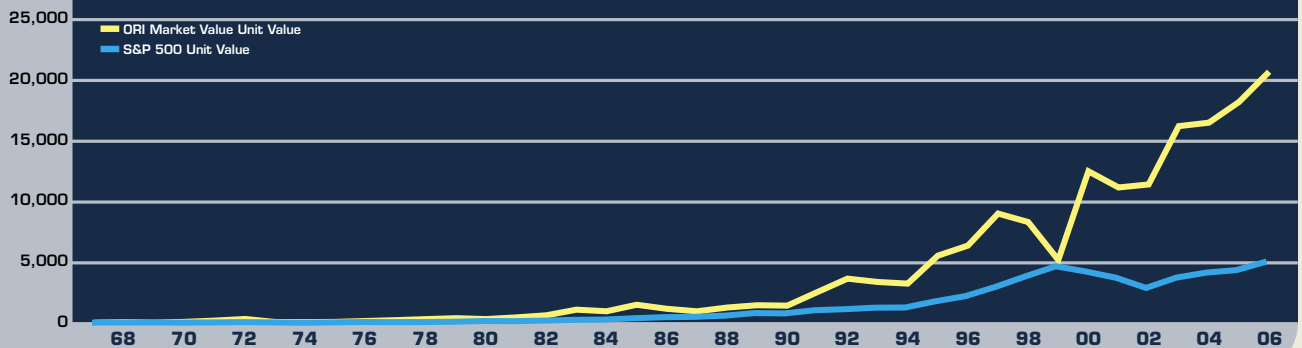
The second table compares, again on a per-share basis, our annual total market return (the sum of the year-to-year percentage change in the closing price of Old Republic's stock and the cash dividend as a percentage of the closing price per share at the beginning of each year) with the same S&P 500 Index performance. This comparison yields an annual average of 20.5% for Old Republic's shares, versus 11.9% for the S&P 500 Index.

The 39 years represent the period since the current Old Republic insurance holding company was established to help further diversify the business and succeed Old Republic Life Insurance Company, which dates from 1923. The Company entered general insurance in 1955, title insurance in 1978, and mortgage guaranty in 1980.

The chart compares the total market return through December 31, 2006 of \$100 invested at year-end 1967 in Old Republic common stock (with each year's cash dividends reinvested in the Company's shares at then-current market value), versus the S&P 500 and its cash dividends reinvested in this index.

Old Republic International Market Value VS S&P 500

IN DOLLARS



Total Market Return Compared With S&P 500

Year	Old Republic International Corporation ^{(a)(b)}				S&P 500 ^(b)	Relative Results	
	Ending Market Value	Cash Dividends Paid ^(c)	Percentage Change in Market Value	Dividend Yield	Total Market Return ^(d)	Total Annual Return	ORI vs. S&P 500
1968	\$0.47	\$0.007	39.7%	2.1%	41.8%	11.0%	30.8%
1969	0.34	0.011	-28.4%	2.3%	-26.1%	-8.4%	-17.7%
1970	0.53	0.012	57.1%	3.7%	60.8%	3.9%	56.9%
1971	0.84	0.014	59.6%	2.6%	62.2%	14.6%	47.6%
1972	1.24	0.016	47.5%	1.9%	49.4%	18.9%	30.5%
1973	0.45	0.019	-63.5%	1.5%	-62.0%	-14.8%	-47.2%
1974	0.41	0.020	-10.6%	4.4%	-6.2%	-26.4%	20.2%
1975	0.44	0.020	7.9%	5.0%	12.9%	37.2%	-24.3%
1976	0.62	0.011	42.7%	2.6%	45.3%	23.6%	21.7%
1977	0.79	0.022	27.4%	3.5%	30.9%	-7.4%	38.3%
1978	0.98	0.033	22.8%	4.2%	27.0%	6.4%	20.6%
1979	1.11	0.052	14.2%	5.3%	19.5%	18.2%	1.3%
1980	0.89	0.054	-20.4%	4.8%	-15.6%	32.3%	-47.9%
1981	1.14	0.054	28.8%	6.1%	34.9%	-5.0%	39.9%
1982	1.46	0.056	27.8%	4.9%	32.7%	21.4%	11.3%
1983	2.35	0.058	61.4%	4.0%	65.4%	22.4%	43.0%
1984	2.03	0.059	-13.7%	2.5%	-11.2%	6.1%	-17.3%
1985	3.01	0.062	48.4%	3.0%	51.4%	31.6%	19.8%
1986	2.32	0.065	-23.2%	2.2%	-21.0%	18.6%	-39.6%
1987	1.86	0.068	-19.6%	2.9%	-16.7%	5.1%	-21.8%
1988	2.35	0.071	26.0%	3.8%	29.8%	16.6%	13.2%
1989	2.61	0.076	11.0%	3.2%	14.2%	31.7%	-17.5%
1990	2.46	0.081	-5.3%	3.1%	-2.2%	-3.1%	0.9%
1991	4.21	0.086	70.7%	3.5%	74.2%	30.5%	43.7%
1992	5.90	0.093	40.2%	2.2%	42.4%	7.6%	34.8%
1993	5.37	0.102	-9.0%	1.7%	-7.3%	10.1%	-17.4%
1994	5.04	0.111	-6.1%	2.1%	-4.0%	1.3%	-5.3%
1995	8.42	0.121	67.1%	2.4%	69.5%	37.6%	31.9%
1996	9.51	0.148	13.0%	1.8%	14.8%	23.0%	-8.2%
1997	13.22	0.178	39.0%	1.9%	40.9%	33.4%	7.5%
1998	12.00	0.206	-9.2%	1.6%	-7.6%	28.6%	-36.2%
1999	7.27	0.261	-39.4%	2.2%	-37.2%	21.0%	-58.2%
2000	17.06	0.293	134.8%	4.0%	138.8%	-9.1%	147.9%
2001	14.93	0.315	-12.5%	1.8%	-10.7%	-11.9%	1.2%
2002	14.93	0.336	-	2.2%	2.2%	-22.1%	24.3%
2003 ^(c)	20.29	0.890	35.9%	5.9%	41.8%	28.7%	13.1%
2004	20.24	0.402	-0.2%	2.0%	1.8%	10.9%	-9.1%
2005 ^(c)	21.01	1.312	3.8%	6.5%	10.3%	4.9%	5.4%
2006	\$23.28	\$0.590	10.8%	2.8%	13.6%	15.8%	-2.2%
Annual Average - 1968 to 2006 (39 Years)			17.3%	3.2%	20.5%	11.9%	8.6%

(a) Old Republic's per share statistics have been retroactively restated for stock dividends and splits through December 31, 2006.

(b) Data for both the Company and the Standard and Poor's 500 Index (S&P 500) are calculated on a pretax basis.

(c) In December 2005 and 2003, special year-end dividends of \$0.800 and \$0.534 per common share, respectively, were declared and paid.

(d) Total market return has been calculated as the sum of the year-to-year increase or decrease in the closing price and 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.

Management Letter

In 2006, Old Republic completed its 83rd year of business and set new financial performance records.

Among our balance sheet highlights:

- Consolidated assets grew 9.3% to \$12.6 billion.
- The cash and invested portion of consolidated assets rose 11.3% to \$8.2 billion.
- Consolidated net claim reserves, excluding approximately \$228 million of reserves assumed through a reinsured book of business, advanced 10.7%. Including the reinsured amounts, net claim reserves were up 19.2%.
- Common shareholders' equity gained 8.6% over the preceding year, notwithstanding cash dividend payments of \$135.8 million. On a per-share basis, the year's total return on equity, represented by the sum of the year-over-year increase in book value and the cash dividend yield, totaled 11.3%, versus 11.2% in 2005.

From an operating standpoint, the business delivered the second-highest annual profits in Old Republic's history:

- The consolidated underwriting ratio remained at a very satisfactory level of 90.0%, compared with 88.5% in the preceding year.
- Net investment income advanced 10.2% to \$341.6 million.
- The consolidated pretax operating margin was 17.5%, compared with 18.2% in 2005. For the most recent decade, the average operating margin has been 18.7%.

Once again, these achievements provide ample support to the merits of Old Republic's business model. On its foundation, we have enhanced shareholder value while providing reliable protection to our insurance subsidiaries' many customers and their beneficiaries.

More often than not, the individual elements of our business are not uniformly successful in the short term, and 2006 was no exception. Our Title business in particular and our Mortgage Guaranty segment to a much lesser extent faced the challenges of operating in softer housing and mortgage lending markets. On the other hand, very strong operating performance by our General Insurance segment provided a salutary counterpoint.

Operating Segment Results

Old Republic General Insurance Group, as mentioned above, made the largest contribution to consolidated revenues and pretax operating income for the third consecutive year. This segment's earnings strength remained grounded on solid underwriting performance. The achievement of a favorable composite ratio of

90.3% in 2006 made it the fifth consecutive year of underwriting profitability. For the most recent decade, this ratio has averaged 98.4%, while the latest five-year average has been 93.1%. The composite underwriting ratio of claims and expenses is the industry's most widely accepted performance indicator. Based on published statistics, Old Republic usually outperforms industry averages in this regard.

Earned premium growth, which rose to 5.4% by the end of 2006, was at the lower end of our expectations at the beginning of the year. Substantially all 2006 premium growth stemmed from trucking, home warranty, and financial indemnity insurance coverages. Loss costs remained at very acceptable levels for most major insurance lines, continuing to benefit from reasonably contained inflationary pressures on claim settlement costs. Overall development of prior years' reserves was favorable and thus did not detract from 2006 results. Production and general operating expenses remained well aligned with premium volume. Net investment income rose on the strength of higher market yields and a greater invested asset base.

Late in 2006, we assumed a book of business focused on insurance coverages for the contractors and commercial construction industries. With a current annual gross premium volume of approximately \$275 million, this specialty line represents a natural extension of our General Insurance Group's existing underwriting commitments. We expect this new book of business to be additive to our growth prospects over the years.

Old Republic Mortgage Guaranty Group operations were slightly less profitable in 2006 as claim costs rose fairly consistently throughout the year. Premium revenue trends responded to the combination of greater business persistency, lower mortgage originations, and higher levels of bulk insurance transactions. Overall underwriting profitability measured by the composite underwriting ratio slipped approximately 9.6% in 2006, bringing the ratio to 65.3%, from 59.6% in 2005. Rising paid claim trends, as well as higher claim frequency and severity levels, drove substantially all the increase. The Group's net investment income rose 6.0% even though the invested asset base remained essentially flat due to high shareholder dividend payments.

Old Republic Title Insurance Group registered a substantial drop in profitability in 2006. The entire decline stemmed from the underwriting/service side of the business. Significant downtrends in housing and mortgage lending activity were the main culprits, particularly in our Western States territory. Accentuating lower profitability were pretax charges of \$7.0 million for adjustments to filed premium rate classifications and provision for ongoing industry-wide class action lawsuits. In combination, these factors pushed the composite underwriting ratio to 99.5%, its highest level in a decade and 5.3 percentage points more than in 2005.

Corporate and Other Operations, consisting mainly of Old Republic's holding company functions and a small life and health business in the U.S. and Canada, produced near break-even results for the year.

Management Letter *Continued*

Company Balance Sheet Strength

Old Republic's balance sheet remained robust and unaltered through year-end 2006:

- The overall quality of the fixed maturity securities portfolio persisted in a secure AA classification. Investments in stocks comprised a well diversified list of quality issues managed with a strong anchor in benchmark indices. In total, the investment portfolio provides a responsibly sound funding of our insurance liabilities.
- Premium balances due from agents and brokers, as well as reinsurance recoverables, were of high quality and expected to be fully collectible at future due dates.
- Claim reserves similarly were of high quality and expected to provide adequately for the future aggregate value of the claims we will pay. For the past 15 years during which we have collected consolidated statistics, net claim reserves have reflected a favorable average outcome of 4.4%.
- The shareholders' equity account remained devoid of significant intangible values and fully accommodative of higher debt leverage should we deem this appropriate or necessary in the future.

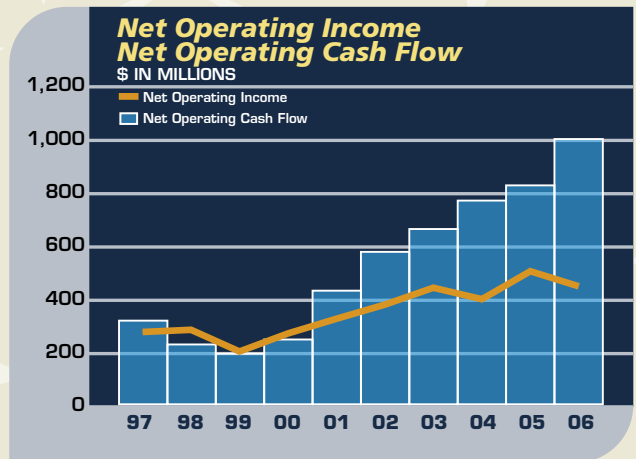
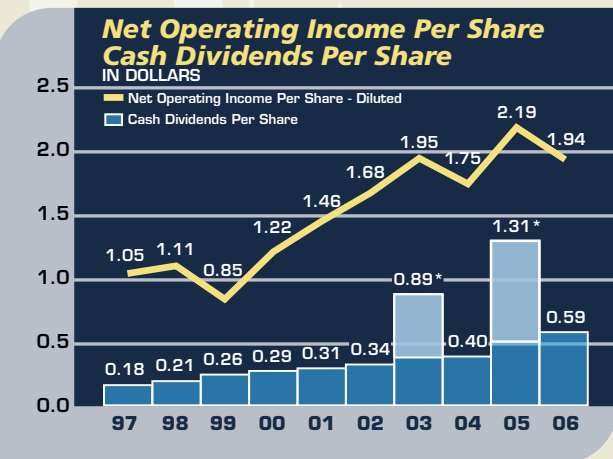
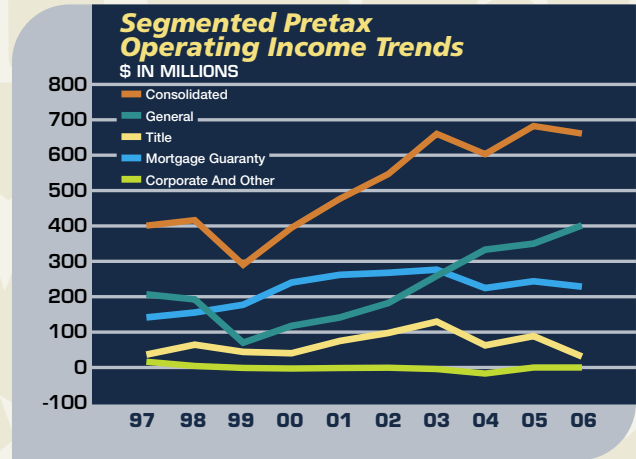
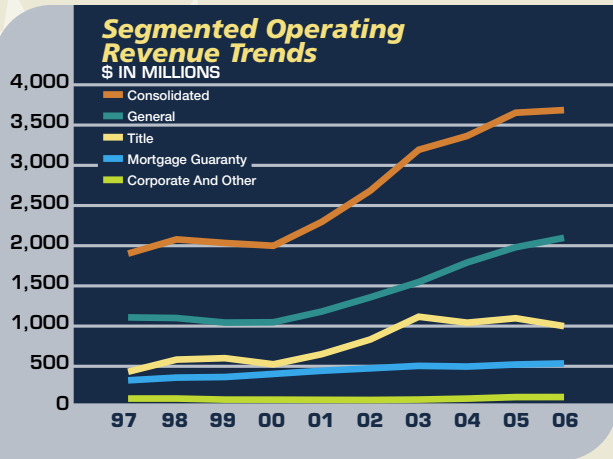
Taken together, these key elements of Old Republic's balance sheet contribute to the solid foundation we have built in support of sustainable earnings growth. Consistently high independent financial ratings awarded to our key policy-issuing insurance companies and the Corporation over several decades attest to our stability and durability.

Old Republic Shares And The Market

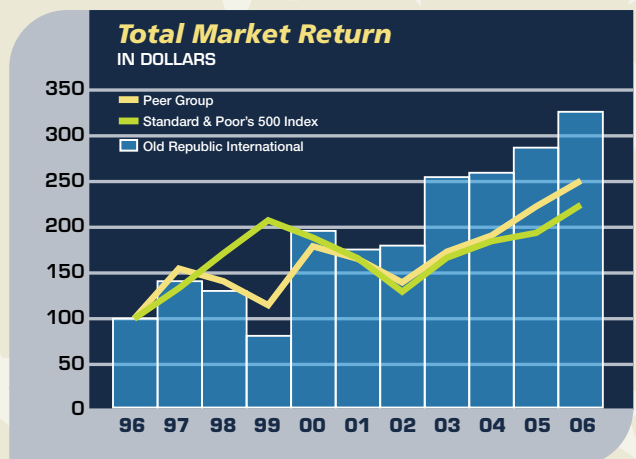
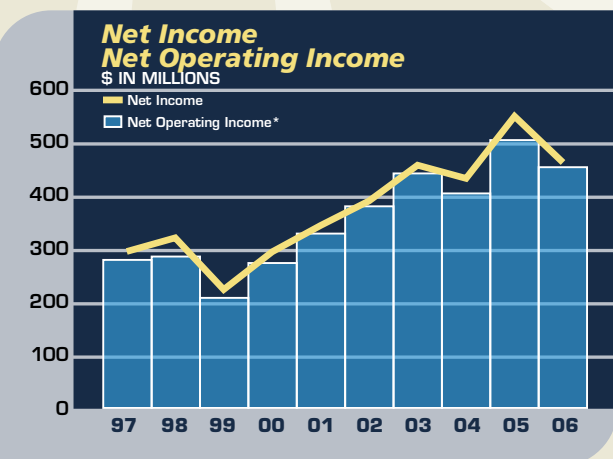
The Company's common shares' performance advanced in both total market return and book return in 2006. Total market return—the sum of the year-over-year percentage change in the market value of each Old Republic common share, plus the year's dividend yield as a percentage of the market price at the beginning of the year—improved to 13.6% in 2006, from 10.3% in 2005. During the most recent decade, this total market return has averaged 12.5%. Viewed in this light, Old Republic's 10-year market performance compares quite favorably with the benchmark Standard & Poor's 500 Index, which delivered an average 10.0% total market return for the period.

On a total book return basis, which reflects the Company's actual performance unhampered by the vagaries of the securities markets, the return was 11.3% for 2006 and has averaged 13.1% for the past decade.

Early in the year, the Board of Directors approved another increase in the annual cash dividend rate to 60 cents per share. This represents the 25th consecutive annual increase in cash dividends. According to the winter 2007 edition of *Mergent's Dividend Achievers*, Old Republic is one of only 121 companies, out of 10,000-plus publicly held corporations, to have posted annual dividend increases for at least 24 consecutive years.



*Includes special dividends of \$0.800 and \$0.534 per common share in 2005 and 2003, respectively.



* Before realized gains, extraordinary charges, and accounting changes.

Total market return has been calculated as the sum of the year-to-year increase or decrease in the closing price and the dividend yield for each year as a percentage of the closing price at the end of the preceding year.

Management Letter Continued

Outlook

As we begin a new year, Old Republic's overall prospects are reasonably positive. Title insurance operating results in particular probably will remain under significant pressure due to the continuing down cycle in housing and related mortgage-lending markets. The remainder of our business, however, should reflect further overall earnings progress. Most of that increase should emerge from the investment side of operations, which are apt to benefit from a greater invested asset base and the likelihood of a higher yield environment. As always, we have great confidence in the abilities of our associates throughout the organization to take full advantage of all market opportunities in the pursuit of our long-term business objectives.

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



Aldo C. Zucaro
Chairman and
Chief Executive Officer

Chicago, Illinois
January 25, 2007

Common Share Statistics

(Common Stock Data in Dollars to Nearest Cent)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	
Company Performance on the Stock Market (f)	Stock Price Quotes:										
	High	\$23.50	\$22.44	\$21.75	\$20.63	\$18.52	\$17.07	\$17.07	\$12.03	\$17.00	\$14.18
	Low	\$20.20	\$17.85	\$17.10	\$13.22	\$13.48	\$12.08	\$ 5.73	\$ 6.60	\$ 9.60	\$ 8.76
	Close	\$23.28	\$21.01	\$20.24	\$20.29	\$14.93	\$14.93	\$17.06	\$ 7.27	\$12.00	\$13.22
	Closing Stock Price Ratios to:										
	Book Value	1.2x	1.2x	1.2x	1.3x	1.1x	1.2x	1.6x	0.8x	1.3x	1.6x
	Income Before Other Items:										
	Basic	11.9x	9.5x	11.4x	10.3x	8.8x	10.1x	13.9x	8.5x	10.7x	11.9x
	Diluted	12.0x	9.6x	11.6x	10.4x	8.9x	10.2x	14.0x	8.5x	10.8x	12.5x
	Net Income:										
	Basic	11.6x	8.8x	10.6x	10.0x	8.6x	9.6x	12.9x	7.7x	9.6x	11.2x
	Diluted	11.7x	8.9x	10.7x	10.1x	8.7x	9.7x	13.0x	7.8x	9.7x	11.8x
	Total Return—Market Basis (b)	13.6%	10.3%	1.8%	41.8%	2.2%	-10.7%	138.8%	-37.2%	-7.6%	40.9%
	Shares Outstanding (Thousands)										
	Average:										
	Basic	231,017	229,487	228,177	226,936	226,079	223,045	223,721	241,798	257,526	250,611
	Diluted	233,034	232,108	230,759	229,128	227,904	225,614	225,369	243,350	260,906	265,815
	End of Period	231,047	229,575	228,204	227,007	226,122	232,082	221,725	229,124	250,129	258,880
Company Performance on its Books (f)	Composition of Basic Earnings (a):										
	Income, before Items Below	\$ 1.96	\$ 2.22	\$ 1.77	\$ 1.96	\$ 1.69	\$ 1.47	\$ 1.23	\$.85	\$ 1.12	\$ 1.11
	Realized Gains	.05	.18	.14	.06	.05	.08	.10	.09	.14	.07
	Net Income	\$ 2.01	\$ 2.40	\$ 1.91	\$ 2.02	\$ 1.74	\$ 1.55	\$ 1.33	\$.94	\$ 1.26	\$ 1.18
	Composition of Diluted Earnings (a):										
	Income, before Items Below	\$ 1.94	\$ 2.19	\$ 1.75	\$ 1.95	\$ 1.68	\$ 1.46	\$ 1.22	\$.85	\$ 1.11	\$ 1.05
	Realized Gains	.05	.18	.14	.06	.05	.08	.10	.09	.13	.07
	Net Income	\$ 1.99	\$ 2.37	\$ 1.89	\$ 2.01	\$ 1.73	\$ 1.54	\$ 1.32	\$.94	\$ 1.24	\$ 1.12
	Dividends on Common Stock:										
	Amount (g)	\$.59	\$ 1.31	\$.40	\$.89	\$.34	\$.31	\$.29	\$.26	\$.21	\$.18
	Payout Ratio (c)(g)	30%	60%	23%	46%	20%	21%	24%	31%	19%	17%
	Stock Dividends	—	25%	—	50%	—	—	—	—	50%	—
	Book Value										
	Amount	\$18.91	\$17.53	\$16.94	\$15.65	\$13.96	\$12.48	\$11.00	\$ 9.59	\$ 9.21	\$ 8.31
	% Change	7.9%	3.5%	8.2%	12.1%	11.8%	13.5%	14.6%	4.2%	10.8%	7.0%
	Total Return—Book Basis (b)	11.3%	11.2%	10.8%	18.6%	14.5%	16.4%	17.7%	7.0%	13.3%	9.3%
	Cash and Invested Assets Per Share:										
	Amount (d)	\$35.62	\$32.21	\$30.76	\$28.20	\$25.55	\$23.53	\$21.92	\$20.08	\$19.06	\$18.10
	Ratio to Book Value	1.9x	1.8x	1.8x	1.8x	1.8x	1.9x	2.0x	2.1x	2.1x	2.2x
	Ratio to Closing Price	1.5x	1.5x	1.5x	1.4x	1.7x	1.6x	1.3x	2.8x	1.6x	1.4x
	Return on Equity (e):										
	As Reported	11.6%	14.3%	12.2%	14.6%	14.1%	14.2%	13.5%	9.8%	15.0%	15.6%
	Cost Basis	11.7%	14.9%	13.1%	15.2%	14.7%	14.5%	13.5%	10.2%	15.6%	16.0%

(a) Calculated after preferred dividend requirements, if any.

(b) For purposes of the above presentation, the total market basis return has been calculated as the sum of the year-to-year increase or decrease in 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 also were applied to the reinvestment of cash dividends. The total book value basis return represents the sum of the year-to-year change in book value per share and the cash dividend yield as a percentage of book value at the beginning of each year.

(c) Cash dividends as a percentage of diluted earnings per share, after preferred dividend requirements and before realized gains or losses, extraordinary charges, and cumulative effect of accounting changes.

(d) Based on total shares outstanding at end of year, after elimination of treasury shares.

(e) "As Reported" has been calculated as net income less preferred dividend requirements as a percentage of common shareholders' equity at the beginning of the year. The "Cost Basis" calculation excludes net unrealized appreciation (depreciation) of securities from common shareholders' equity.

(f) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2006.

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

Old Republic

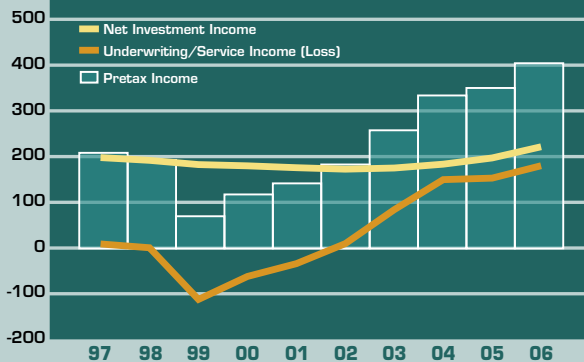
General Insurance

Geographic Distribution Of Direct Premiums Written

	1997	2005	2006
United States			
Northeast	3.1%	5.6%	5.2%
Mid-Atlantic	6.7	10.3	9.2
Southeast	14.0	15.6	16.0
Southwest	16.6	14.7	15.7
East North Central	20.1	14.9	14.9
West North Central	20.6	16.7	16.8
Mountain	8.3	7.9	8.7
Western	8.6	12.4	11.7
Foreign (Principally Canada)	2.0	1.9	1.8
	100.0%	100.0%	100.0%
General Insurance as a % of Consolidated:			
Revenues	58.0%	55.4%	58.2%
Pretax Income	51.3%	51.3%	60.7%

Sources Of Pretax Income

\$ IN MILLIONS



All sources of pretax income for the General Insurance Group demonstrated growth in 2006.



Old Republic's General Insurance Group is one of the nation's 100 largest property and liability insurers as measured by revenues. It also is the largest of the Company's business segments in terms of assets, capital commitment, revenues, and contribution to consolidated pretax earnings. The Group comprises more than 53 insurance subsidiaries, agencies, and service companies. The major operating centers responsible for this segment's performance are highlighted in the sections that follow.

2006 Results

In 2006, the Group increased total operating revenues 6% and pretax income 14.7%, breaking previous years' records in both regards. Additionally, the Group's composite underwriting ratio—the traditional indicator of operating performance for general insurance companies—continued to compare favorably with industry averages. The ratio rested at 90.3% in 2006, 91.5% in 2005, and 90.7% in 2004. This highly positive performance is one of the Group's greatest competitive advantages. The composite ratio has bested the industry average in nine of the past 10 years and 20 of the past 25 years. The relatively low underwriting ratio also has been the primary driver of the Group's earnings power for five years running, as investment income has not grown significantly in recent years due to a generally low interest rate environment.

Performance By Operating Center

The Bituminous Insurance Companies (Bitco) offer specialized risk transfer programs principally for the forest products,

Consolidated Property And Liability Insurance Business

(\$ in Millions)

	2006	2005	2004	2003	2002
Financial Position					
Cash, Fixed Maturity Securities	\$5,075.6	\$4,293.2	\$4,014.2	\$3,625.4	\$3,141.8
Equity Securities	549.9	452.9	384.7	401.3	402.9
Other Invested Assets	122.9	124.6	111.1	104.2	98.0
Reinsurance Recoverable	2,184.9	2,120.9	1,801.6	1,672.8	1,476.6
Sundry Assets	1,430.0	1,187.2	910.9	799.6	757.0
	\$9,363.5	\$8,178.9	\$7,222.8	\$6,603.5	\$5,876.5
Claim Reserves	\$4,951.8	\$4,401.7	\$3,902.4	\$3,562.8	\$3,244.1
Unearned Premiums	1,153.8	993.3	860.2	766.8	666.4
Other Liabilities	944.9	615.5	453.2	417.0	331.0
Equity	2,312.8	2,168.2	2,006.9	1,856.7	1,634.9
	\$9,363.5	\$8,178.9	\$7,222.8	\$6,603.5	\$5,876.5
Operating Results					
Net Premiums Written	\$2,022.8	\$1,889.3	\$1,701.1	\$1,460.3	\$1,268.7
Net Premiums Earned	1,902.1	1,805.2	1,623.0	1,379.5	1,184.1
Net Investment Income	221.5	197.0	183.4	175.0	172.5
Other Income	14.9	15.3	16.0	18.2	20.0
	2,138.7	2,017.6	1,822.5	1,572.7	1,376.7
Claim Costs	1,246.9	1,201.5	1,067.3	917.8	852.5
Policyholders' Dividends	7.3	5.3	2.2	15.1	(.4)
Sales and General Expenses	482.8	460.7	419.9	380.9	342.4
	1,737.0	1,667.5	1,489.5	1,313.8	1,194.5
Pretax Operating Income	\$ 401.6	\$ 350.0	\$ 333.0	\$ 258.9	\$ 182.1
Operating Cash Flow	\$ 741.5	\$ 561.3	\$ 495.2	\$ 375.7	\$ 309.8
Underwriting Statistics					
All Coverages Combined:					
Paid Loss Ratio ^(a)	50.4%	53.4%	52.1%	54.4%	61.4%
Incurred Loss Ratio	65.5%	66.6%	65.8%	66.5%	72.0%
Dividend Ratio	.4%	.3%	.1%	1.1%	—%
Expense Ratio	24.4%	24.6%	24.8%	26.2%	27.1%
Composite Ratio	90.3%	91.5%	90.7%	93.8%	99.1%
Liability Coverages:					
Earned Premiums	\$1,113.7	\$1,066.1	\$ 946.9	\$ 788.2	\$ 665.3
Loss Ratio	72.9%	72.7%	72.7%	75.3%	85.8%
Dividend Ratio	.4%	.3%	.2%	1.9%	(.2)%
Other Coverages:					
Earned Premiums	\$ 787.6	\$ 740.7	\$ 630.3	\$ 546.4	\$ 471.7
Loss Ratio	55.2%	57.6%	56.7%	55.3%	55.9%
Dividend Ratio	.3%	.2%	.1%	.1%	—%
Composition of Pretax Operating Income					
Underwriting/Service Income (Loss)	\$ 180.0	\$ 152.9	\$ 149.5	\$ 83.9	\$ 9.5
Net Investment Income	221.5	197.0	183.4	175.0	172.5
Pretax Operating Income	\$ 401.6	\$ 350.0	\$ 333.0	\$ 258.9	\$ 182.1
Pretax Operating Margin	18.8%	17.4%	18.3%	16.5%	13.2%
Key Ratios					
Net Premiums Written to Equity	.9x	.9x	.8x	.8x	.8x
Net Claim Reserves to Equity	131%	116%	113%	110%	115%
Cash and Invested Assets to Liabilities	117%	123%	130%	132%	130%

The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

(a) Excludes the effect resulting from the previously discussed acquisition of a casualty book of business in the final quarter of 2006.

General Insurance

oil and gas, and construction industries. Direct written premiums in these industries, which account for 95% of Bitco's total production, continued to advance in 2006. This growth reflects generally favorable economic conditions in the industries served and ongoing efforts to brand Bituminous as a preferred insurance provider for its targeted customers. The 2006 composite underwriting ratio was 97.2%, compared with 99.1% in the prior year.



During 2006, Bitco continued to increase operating efficiency and enhance customer service. Key accomplishments included full deployment of a new automated claim handling platform and further integration of the online customer file into work processes. Bitco made further investment in the risk control function with staff additions designed to increase and enhance customer interaction while improving loss prevention achievements by the customer portfolio. The company also continued to focus on providing knowledgeable and timely claims service close to the point of sale.

The objective for 2007 is to maintain generally adequate pricing levels in the face of increasingly competitive marketplace conditions. The emphasis will be on leveraging Bitco's traditionally strong customer retention level, while seeking appropriate new business opportunities through ongoing geographic expansion.

Chicago Underwriting Group, Inc. is responsible for Old Republic's Directors and Officers (D&O) liability and professional liability lines. Substantially all its business is underwritten through Old Republic Insurance Company.

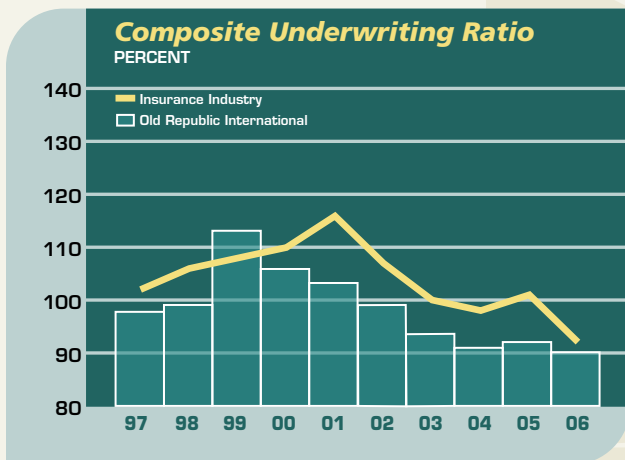
The D&O market experienced continued rate pressure in 2006. Factors accounting for this pressure were a significant decrease since 2005 in the number of securities class action lawsuits filed, increased D&O insurance capacity, and strong financial markets. Although the top line saw a slight drop in written premiums resulting from those rate pressures, the bottom line reflected the continued strength of Chicago Underwriting's risk selection. A true picture of the effectiveness of risk selection will occur only as the loss experience matures. The performances of the older underwriting years, post enactment of Sarbanes-Oxley in 2002, have been better than expected.

Historical data reveal fewer securities class action filings during strong market environments. Flat or rising stock prices yield fewer disappointed investors and less basis for damages in plaintiff attorneys' allegations. However, Chicago Underwriting does not believe the current climate will continue indefinitely.

The options backdating scandal confirms once again that no legislation can always eliminate some people's willful disregard of the rules or inattention to them.

Although Chicago Underwriting is a smaller player, its measured and disciplined underwriting continues as an industry benchmark.

Great West Casualty Company had a successful year in 2006, posting a composite underwriting ratio of 96.0% on writings exceeding \$800 million. Two factors were largely responsible for the year's slower top line growth and



The General Insurance Group's property and liability underwriting results have outperformed the industry average in nine of the past 10 years and 20 of the past 25 years.

reduced underwriting success. Reporting form policy revenues showed a significant year-over-year drop as truck tonnage volumes declined. Additionally, a sharp increase in fuel prices created operational problems for smaller nonfleet insureds, many of which ultimately exited the business.

The trucking industry, which typically is a bellwether for the general economy, likely will continue to experience freight volumes at reduced levels through much of 2007. As in prior cycles, the industry probably will rebound sooner than the overall U.S. economy, but, as of early 2007, the timing and extent remain unclear.

Agency representation is a critical element of Great West's success. The professional agency force provides customers with specialization and experience, as well as a shared dedication to outstanding customer service. To provide its excellent agency force with efficient and customer-friendly technology, Great West is implementing systems that enable agency personnel to enter applications and endorsements directly into the company's secure systems. Once the underwriter views and approves the entries and ultimate rate, the data are released to the system for administration and the policy prints at the agency location. Recently, Great West also developed a comprehensive accident prevention program, denominated "Value Driven Driving," for use by the company's insureds. Feedback from those who have implemented the program has been highly favorable.

Affiliated operations managed in concert with Great West performed in line with expectations during 2006. These affiliates include Old Republic Financial Acceptance Corporation (equipment finance), Old Republic Insurance Company of Canada (principally motor carrier business), and Old Republic Life Insurance Company (occupational accident coverage for truckers).

Considering the existing economic trends and the competitive conditions in the marketplace served, Great West expects single-digit growth for 2007, principally due to agency development in recently expanded geographic regions.

Old Republic Construction Program Group (ORCPG) results from the reinsurance assumption late in 2006 of a book of business focused on insurance coverages for the contractors and commercial construction industry. As other Old Republic subsidiaries, it is organized as a specialty writer of targeted risks, in this case complementing our existing business serving certain segments of the contractors and commercial construction industry.

ORCPG, however, specializes in more substantial risks produced by a diverse broker network and underwritten through Old Republic General Insurance Corporation. With its present concentration in relatively few states, the company has substantial potential for business growth geographically. ORCPG joins the Old Republic family with experienced and effective leadership and a track record of success.



Great West Casualty Company has been meeting the special needs of the motor carrier industry for more than 50 years.





Old Republic Home Protection Company (ORHP) offers one-year home service contracts covering major operating systems and appliances in residential resale homes. To assist the company's growing network of customers, both real estate professionals and end-users, during 2006 ORHP added new features to its Website, www.orhp.com, including the ability to place service requests online.

Marketing efforts in 2006 resulted in 1% growth in written premiums to \$120 million. With higher claim costs during the year, the composite underwriting ratio was 90.3%, up from 87.7% in 2005.

Despite uncertain housing market conditions, ORHP is well positioned to achieve its long-term production and growth objectives. In conjunction with its finely honed sales capabilities, the company will continue to employ information technology initiatives to enhance claims management and profitability.

Old Republic Insurance Company (ORINSCO/Standard), headquartered in Greensburg, Pennsylvania, is a regional middle-market standard coverage insurer serving the metals, wood, stone, plastics, and healthcare industries. The company works with independent agents to offer traditional risk transfer casualty insurance products and services to customers in several Mid-Atlantic and Midwestern states. In 2006, ORINSCO/Standard continued to enhance customer service and improve operating efficiencies. Accomplishments included the establishment of a field office in Greensboro, North Carolina; staff additions in key service positions; and further market penetration as a result of geographic expansion to certain Southern states.

Gross Premiums By Major Coverage



The Group focuses on relatively few types of insurance coverages targeted to core sectors of the American economy.

Old Republic Insured Automotive Services, Inc. (ORIAS) offers aftermarket products to financial institutions, automobile dealers, and vehicle manufacturers throughout the U.S. ORIAS is a full-service marketing and administrative company specializing in automobile service contracts, mechanical breakdown insurance, and guaranteed asset protection (GAP) programs underwritten through Old Republic Insurance Company. In 2006, the company focused on profitable growth in the automobile warranty market, which led to a 22.6% increase in premium volume, mostly from new business relationships. ORIAS also developed a strategic alliance with a major provider of GAP programs for several of the nation's largest retail automobile dealer organizations; that relationship should be conducive to another year of double-digit growth in 2007.

The GAP product is expected to become a much larger and important coverage for the company for the foreseeable future. New business initiatives, combined with long-term stability and financial strength for the automobile warranty and GAP dealer market, will allow ORIAS to grow at a more aggressive pace without sacrificing firm pricing and solid underwriting discipline.

Old Republic Insured Credit Services, Inc. (ORICS) provides tailored loss protection solutions for consumer credit lenders across the U.S. This

business is an integral part of our financial indemnity group of insurance coverages. ORICS protects lenders from defaults on a variety of consumer borrowings, including loans in the property improvement and equity lending portfolios of financial institutions. Its credit indemnity insurance programs have been successfully underwritten through Old Republic Insurance Company since 1954. **Old Republic Equity Credit Services, Inc. (ORECS)**, an ORICS subsidiary, provides loan loss recovery and collection services on performing and non-performing real estate and other consumer loans.

In 2006, net premiums earned rose 21.4% from the previous year's level. This growth resulted from long-standing business relationships and the substantial cross-selling benefits of our association with Republic Mortgage Insurance Company, our mortgage guaranty sister company. These relationships served to expand our customer base of nationwide lenders.

The credit indemnity outlook for 2007 is for stable top line growth. Old Republic will remain focused on product enhancements, new lender relationship development, and portfolio growth with existing customers. The company expects to remain steadfast in its observance of conservative risk management and product underwriting standards. These objectives are particularly important at a time of deteriorated credit quality. Although the company expects claim costs to climb during 2007, it continues to be optimistic about the long-term profitability of its consumer credit indemnity product.

Old Republic Risk Management, Inc. (ORRM) has a client base of large national accounts, generally in the manufacturing and service sectors of the American economy. All business is underwritten through ORINSCO, the Corporation's general insurance flagship carrier. The common denominator of ORRM's underwriting approach is for customers to retain a significant portion of their insurable risk. Under this retention model, ORRM clients have a vested interest in the financial results of their insurance programs, which tends to add insurance cost stability over the long run. Due to the sophisticated nature of the company's risk management programs, ORRM generally markets through large regional or national insurance brokers, as well as a number of smaller organizations with special client needs and specific knowledge in this area.

ORRM's 2006 net premiums declined 4.9%, compared with 2005, as continued price-driven competition tempered growth. Underwriting results, however, advanced 8.8% over 2005, due in part to lower loss costs and continued expense management. Current pricing in this specialized segment has become quite aggressive as participants focus on gaining market share.

Currently, the industry has adequate capital to support this softer market. The potential customer base, however, remains significant, given the sound U.S. economy and large corporations' desire to retain predictable losses as a means of stabilizing their risk management programs.

As one of America's leaders in this specialty market segment, in the coming year ORRM will continue to develop new underwriting approaches that respond to clients' needs. In these regards, ORRM should benefit from a strong and loyal client base, along with a reputation for superior service, fair dealing, and dependably strong financial underpinnings.

Many Old Republic Risk Management customers are leading Forbes- and Fortune-listed U.S. industrial and service corporations.



Old Republic Surety Company (ORSC) ranks among the nation's top underwriters of fidelity and surety bonds. In 2006, ORSC experienced its 15th straight year of underwriting profitability and sixth consecutive year of written premium growth. Net written premiums rose 4.3%, and the composite underwriting ratio was 87.2%.

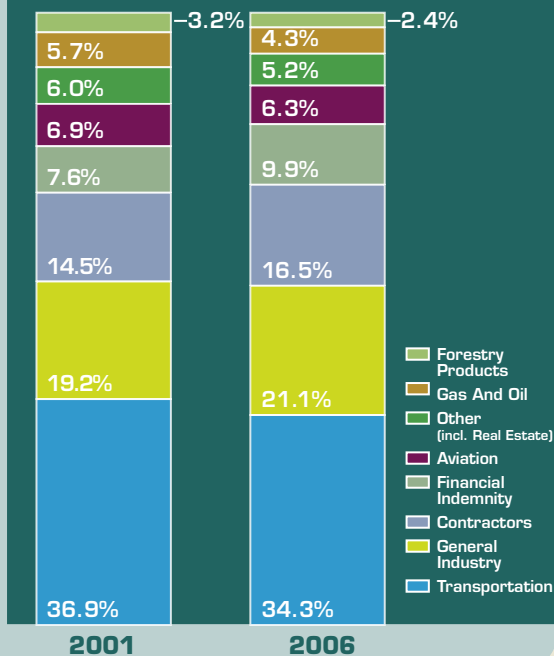
ORSC markets through approximately 9,000 independent insurance agencies that have produced more than 300,000 in-force bonds through the company's 13 branch offices. Both coverages reflected premium growth in 2006. About 4% of the year's written premiums came from agents appointed in the past two years. The coming year will be a challenging one due to increased pressure on the top line from competitors interested in this market. However, ORSC's consistent message, steadfast underwriting practices, and solid agency relationships should lead to continued financial success in 2007.

Phoenix Aviation Managers, Inc., Old Republic Insurance Company's aviation insurance division, saw modest top line growth of 2.7% in 2006. Of import was that certain historically profitable segments such as corporate aviation provided greater growth and contributed to the division's record underwriting results. Favorable development of prior years' claim reserves, a benign windstorm season, and somewhat lower overall claims activity enhanced those results.

Aviation insurance, as most other coverages, is experiencing softening pricing trends, driven by new and more aggressively utilized capacity. Phoenix Aviation expects to offset this softness through its solid producer relationships and development of enhanced information technology systems to assist in its marketing and underwriting processes. Entering its 24th underwriting year as an Old Republic company, Phoenix Aviation is optimistic based on its solid backing from the reinsurance community and reputation for providing first-class service to agents and assureds.

Reliable Life Insurance Company (RLIC), our Canadian subsidiary, markets travel insurance across Canada through national travel agency groups, associations, direct mail, and telemarketing. RLIC markets and administers similar programs in the U.S. on behalf of Old Republic Insurance Company. Total travel insurance underwritten by Old Republic has increased at a 19% compounded growth rate over the past five years, with \$95.8 million written in 2006. RLIC also offers student accident insurance, disability insurance, and group insurance through independent brokers, direct mail, and its Website.

Gross Premiums By Industry Served



Insurance for industries such as trucking and specialty coverages that include directors and officers liability form the foundation of the Group's business.



Outlook

Old Republic's General Insurance business is well positioned to achieve very good profitability in the near term. The Group's capital resources and the risk-bearing capacity they support continue at historically high levels and are poised to carry even greater insurance commitments. The aggregate reserves carried for claims to be paid in future years should be sufficient to insulate the capital account from adverse development of such reserves. Limited exposure to the problematic coverages that have taxed other commercial lines insurers in recent years and the Group's industry-topping underwriting performance have produced an outstanding balance sheet that continues to inspire confidence in those Old Republic insures.

Old Republic intends to build on its long-term success in the general insurance field by staying within its sphere of competence. The focus will remain on the key specialties of the business franchises discussed above. The Company has every confidence that it can maintain a very acceptable and industry-beating composite underwriting ratio through disciplined pricing, terms of trade, and account selection, despite softening market conditions in these regards. As Old Republic has done steadily over the years, it will retain the lion's share of the Group's capital to support expected growth of its gross and net reserve exposures and to protect its very good financial ratings, which are critical to maintaining the unquestioned security of the Old Republic brand.

Old Republic

Mortgage

Guaranty

Geographic Distribution Of Direct Premiums Written

United States	1997	2005	2006
Northeast	5.5%	9.2%	8.7%
Mid-Atlantic	13.2	9.7	9.5
Southeast	27.7	27.6	27.5
Southwest	8.5	11.3	11.8
East North Central	13.9	15.5	15.6
West North Central	6.0	8.7	8.9
Mountain	8.2	9.1	8.6
Western	17.0	8.9	9.4
	100.0%	100.0%	100.0%
Mortgage Guaranty as a % of Consolidated:			
Revenues	16.2%	14.2%	14.4%
Pretax Income	34.8%	35.7%	34.6%



Old Republic's Mortgage Guaranty Group protects lenders across the U.S. from losses due to defaults on first mortgages for residential properties. We provide products and services through Republic Mortgage Insurance Company (RMIC) and its affiliates. Typically, we insure loans for the purchase or refinancing of homes when the amount borrowed exceeds 80% of the property's value. We insure loans individually, through traditional primary insurance, and in bulk, pricing a group of loans in the aggregate on a bid or negotiated basis.



2006 Results

Premium revenues for the Group increased slightly, reflecting dominant trends in the 2006 marketplace—greater persistency, fewer overall mortgage originations, and increased bulk insurance volume. Pretax earnings for the Group slipped 6.3% in 2006 due to a rise in paid claims, as well as higher levels of claim frequency and severity. The Group reported \$228.4 million in pretax earnings, down slightly from \$243.7 million in 2005.

For the mortgage industry as a whole, total 2006 originations dipped approximately 4.5% to \$2.98 trillion, compared with \$3.12 trillion in 2005. As anticipated, new traditional primary mortgage insurance written for the industry fell to \$174.4 billion, from \$183.6 billion in 2005. Traditional primary insurance penetration for the industry remained at 5.9%, largely due to competition from alternative mortgage structures such as piggyback loans, which combine an 80% first mortgage with a second mortgage at origination. In keeping with the industry trend, the Group's new traditional

Financial Guaranty Of Principal And Interest On First Mortgage Home Loans

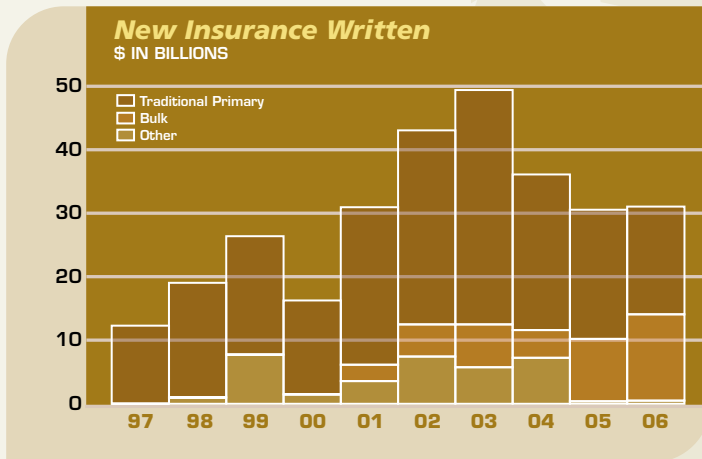
(\$ in Millions)

	2006	2005	2004	2003	2002
Financial Position					
Cash, Fixed Maturity Securities	\$1,500.7	\$1,467.1	\$1,504.6	\$1,411.3	\$1,308.2
Equity Securities	76.7	62.5	51.2	52.4	53.3
Other Invested Assets	21.5	21.9	21.4	21.8	20.8
Prepaid Federal Income Taxes	468.4	545.7	499.3	446.5	391.5
Deferred Acquisition Costs	46.0	50.3	55.1	63.7	63.4
Sundry Assets	76.1	64.0	74.1	84.4	83.9
	\$2,189.6	\$2,211.8	\$2,205.9	\$2,080.1	\$1,921.2
Claim Reserves	\$ 250.3	\$ 215.8	\$ 201.4	\$ 182.4	\$ 188.6
Unearned Premiums	55.6	45.9	42.9	47.9	42.9
Other Liabilities	591.6	647.4	631.7	584.4	540.1
Equity	1,292.0	1,302.6	1,329.9	1,265.3	1,149.5
	\$2,189.6	\$2,211.8	\$2,205.9	\$2,080.1	\$1,921.2
Operating Results					
Direct Premiums Earned	\$ 524.7	\$ 508.0	\$ 483.6	\$ 467.3	\$ 432.4
Net Premiums Earned	444.3	429.5	403.2	400.9	376.2
Net Investment Income	74.3	70.1	67.7	65.7	65.8
Other Income	11.3	16.4	18.9	32.0	24.9
	529.9	516.0	489.9	498.6	467.1
Claim Costs	189.9	159.7	143.2	90.9	52.9
Sales and General Expenses	111.4	112.5	122.1	131.3	146.4
	301.4	272.2	265.3	222.2	199.3
Pretax Operating Income	\$ 228.4	\$ 243.7	\$ 224.5	\$ 276.4	\$ 267.7
Operating Cash Flow	\$ 233.9	\$ 185.6	\$ 192.5	\$ 168.6	\$ 192.4
Underwriting and Other Statistics					
Paid Loss Ratio	34.9%	33.7%	30.7%	23.9%	16.1%
Incurred Loss Ratio	42.8%	37.2%	35.5%	22.7%	14.1%
Expense Ratio	22.5%	22.4%	25.6%	24.8%	32.3%
Composite Ratio	65.3%	59.6%	61.1%	47.5%	46.4%
Persistency (Traditional Primary)	73.1%	65.5%	64.5%	46.0%	59.1%
Traditional Primary National Market Share	9.9%	11.2%	11.4%	11.3%	10.9%
Delinquency Ratios: Traditional Primary	4.41%	4.67%	4.11%	3.95%	3.43%
Bulk	3.29%	3.67%	4.59%	4.76%	3.28%
Composition of Pretax Operating Income					
Underwriting/Service Income	\$ 154.1	\$ 173.6	\$ 156.7	\$ 210.7	\$ 201.8
Net Investment Income	74.3	70.1	67.7	65.7	65.8
Pretax Operating Income	\$ 228.4	\$ 243.7	\$ 224.5	\$ 276.4	\$ 267.7
Pretax Operating Margin	43.1%	47.2%	45.8%	55.4%	57.3%
Key Ratios					
Risk to Capital Ratio (Statutory)	9.9:1	10.0:1	9.5:1	10.1:1	10.9:1
Claim Reserves to Equity	19%	16%	15%	14%	16%
Cash and Invested Assets to Liabilities	178%	231%	238%	238%	231%

The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

Mortgage Guaranty

primary insurance written amounted to \$17.1 billion in 2006, down from \$20.5 billion in 2005. Our market share for this segment dropped to 9.9%, from 11.2% in 2005.



The Mortgage Guaranty Group's new insurance written reflects changes in the mortgage origination market, which peaked in 2003.

Refinance activity fell to an estimated 45% of the market, from 47% in 2005. Lower refinancings precipitated an increase in our annualized traditional primary persistency to 73%. Our in-force traditional primary business improved late in the year, but in total it declined slightly to \$65.4 billion, from \$66.0 billion in 2005 as a result of lower origination volumes and a high level of cancellations. Transaction volume declined 28% for our contract underwriting services, while traditional primary mortgage insurance applications dropped 17%, in line with the market's decrease in volume.

We continued to participate in the bulk insurance market, with gross insurance in force growing 59% and new insurance written increasing \$3.7 billion over 2005. Bulk risk in force now represents approximately 14% of our overall net risk in force. We also maintained a limited

participation in the sub-prime bulk market, with insurance on loans written through these channels representing approximately 6% of our total net risk in force. Although we continue to expect the bulk business to reach a delinquency rate higher than that of our traditional primary business of the same maturity, we will continue to pursue this market as long as it meets our risk tolerance and pricing criteria.

Direct premiums written topped \$534.9 million in 2006, up from \$511.7 million in 2005. The 4.5% increase reflected growth in the bulk segment of our business. Although premium rates on traditional primary business have risen in response to higher risk attributes of insured loans, the decline in the in-force book for this segment, as noted previously, has hindered significant growth. This trend is prevalent in the mortgage insurance industry, and we continue to manage and monitor it closely from risk and product pricing perspectives. Net premiums earned increased \$14.7 million or 3.4% for the year, following the trends in premiums written. In spite of the decrease in the premium growth rate, we were able to maintain our expense ratio at 22.5% in 2006, compared with 22.4% in 2005. We credit our ability to hold the line on expenses to lower sales and underwriting costs associated with the decline in traditional primary origination volumes, increased efficiencies, and growth in bulk business, which has lower acquisition costs than traditional primary business.

Our loss ratio was 42.8% in 2006, up from 37.2% in the previous year, bringing the composite ratio of expenses and losses to 65.3%, up from 59.6% in 2005. Our claim experience generally reflected continued deterioration in the Midwest and overall slowing of the nation's housing markets. Losses associated with the seasoning of our higher risk traditional primary products and our bulk portfolio continued to emerge as we expected.

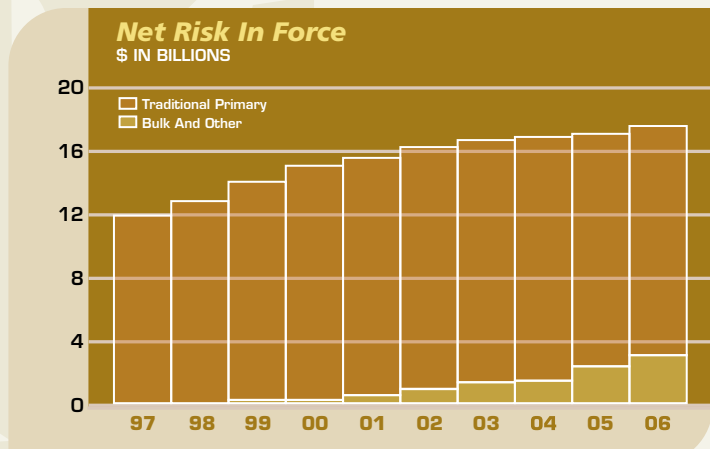
Reported loan delinquencies declined in 2006. Traditional primary delinquencies fell 9.3%, versus an increase of 5.1% in 2005, as a result of anticipated improvements in areas affected by Hurricane Katrina. The traditional primary delinquency ratio—the number of loans reported delinquent at year-end divided by the number of policies in force on that date—moved to 4.41%, from 4.67% at year-end 2005. Bulk delinquencies increased 30.7%, compared with a 16.6% increase in 2005. We had anticipated this rise in delinquencies as our in-force business increased 59%, and defaults in the sub-prime bulk business generally



emerge at a much quicker pace than in other origination channels. As these books age, we expect delinquency ratios to exceed those in our traditional primary business.

To help stay on top of the rapid changes in our industry in 2006, we renewed our emphasis on analyzing risk and portfolio concentrations in pricing products in our existing markets, as well as our focus on evaluating opportunities in new markets. We also made progress in adding value for customers and differentiating ourselves from the competition by working closely with other consumer credit and real estate-oriented businesses in the Old Republic family.

Leveraging those partnerships, we offer access to credit indemnity solutions for consumer loans that include home equity, home improvement, and credit lines marketed through Old Republic Insured Credit Services; a full line of title and settlement services through Old Republic Title Residential Information Services; credit reports and background checks through Old Republic Credit Services; and home warranties through Old Republic Home Protection Company. Additionally, we provide consulting and strategic advisory services to lenders through Republic Strategic Advisory, Inc., an RMIC subsidiary.



Risk in force has continued to grow modestly over the past several years, as our participation in the bulk insurance market has increased.

Outlook

Competitive pressure from piggyback loans should ease in 2007 now that a new federal law makes mortgage insurance premiums tax deductible. Coupled with rising interest rates on second mortgages and a continued flat yield curve, we expect piggyback loans to become less attractive. Historically low interest rates and relative stability in the economy and labor markets continue to create a positive outlook for homeowners. The moderation in housing price appreciation also should improve affordability for many borrowers.

Although interest rates likely will rise moderately in 2007, they should remain low by historical standards. We anticipate moderate growth in our persistency rate, providing us with greater earned premiums. In addition, banks will continue to be sensitive to regulatory guidance for combined high loan-to-value loans, scrutinizing their capital positions and risk management policies. With home purchases predicted to again account for the majority of loan originations in 2007 and an anticipated decline in piggyback volume, the mortgage insurance percentage of the mortgage market should increase modestly.

The Group continues to closely monitor the pricing and performance of the bulk portfolios and higher risk product offerings to ensure profitability over the long term. We are committed to keeping our cost structures in line with both the market size and customer needs.

Comparative Production Trends For Mortgage Extensions And Mortgage Insurance

\$ In Billions

	2006*	2005	2004	2003	2002
Mortgage Rates (Average 30-Year Fixed)	6.41%	5.87%	5.84%	5.82%	6.54%
Residential Mortgages Originated:					
Total	\$2,980.0	\$3,120.0	\$2,920.0	\$3,760.0	\$2,680.0
Refinance Share	45.0%	47.0%	53.0%	66.0%	61.6%
Mortgage Insurance Industry:					
Traditional Primary Volumes	\$174.4	\$183.6	\$216.0	\$330.8	\$282.2
Traditional Primary Share of Total Originations	5.9%	5.9%	7.4%	8.8%	10.5%

* Estimated.

Old Republic

**Geographic Distribution Of
Direct Premiums Written**

United States	1997	2005	2006
Northeast	14.9%	19.2%	17.5%
Mid-Atlantic	5.6	8.0	8.0
Southeast	18.0	27.3	32.7
Southwest	8.6	5.5	6.1
East North Central	7.2	8.5	8.5
West North Central	6.8	5.4	5.9
Mountain	11.5	6.9	6.9
Western	27.4	19.2	14.4
	100.0%	100.0%	100.0%
Title Insurance as a % of Consolidated:			
Revenues	21.9%	30.4%	27.4%
Pretax Income	9.0%	13.0%	4.7%

Title Insurance



Old Republic's Title Insurance Group provides title insurance policies and related real estate products and services for individuals, businesses, and government. We market these offerings nationally through more than 250 wholly owned title insurance companies, branch offices, ancillary service subsidiaries, and a large network of independent title insurance agents. Most of these offices conduct business under the Old Republic name to promote our brand and emphasize our geographic reach and financial strength.

Our oldest insurer, American Guaranty Title Insurance Company, dates back to 1889, while the Group's leading insurer, Old Republic National Title Insurance Company, celebrates its 100th year of service to the real estate and mortgage industries. Mississippi Valley Title Insurance Company has been a significant title insurer in Mississippi, Alabama, and parts of Tennessee for decades.

Other subsidiaries and divisions in the Group provide credit reports, IRC 1031 exchanges, real estate appraisals, flood reports, real estate information, national order management, commercial real estate services, relocation services, default management services, and the settlement bundle—a flexible and complete package of mortgage lending and real estate settlement products and services.

Title Insurance And Related Real Estate Transfer Services

(\$ in Millions)

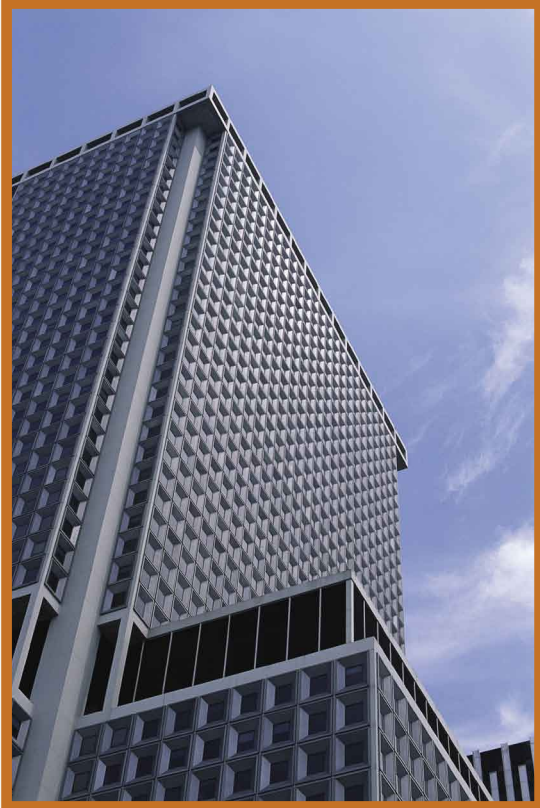
	2006	2005	2004	2003	2002
Financial Position					
Cash, Fixed Maturity Securities	\$ 573.1	\$ 582.0	\$ 588.6	\$ 558.0	\$481.7
Equity Securities	41.3	36.0	21.7	29.4	22.5
Other Invested Assets	14.5	14.7	14.3	9.3	9.3
Title Plants and Records	26.8	25.7	24.5	24.6	24.6
Property and Equipment	41.3	42.0	34.3	34.7	30.3
Sundry Assets	75.3	75.6	69.4	64.3	51.3
	\$ 772.7	\$ 776.3	\$ 753.0	\$ 720.5	\$619.9
Claim Reserves	\$ 304.1	\$ 295.8	\$ 277.0	\$ 259.0	\$225.6
Other Liabilities	106.2	89.0	104.5	85.7	94.0
Equity	362.3	391.5	371.4	375.6	300.3
	\$ 772.7	\$ 776.3	\$ 753.0	\$ 720.5	\$619.9
Operating Results					
Net Premiums Earned	\$ 733.6	\$ 757.2	\$ 714.0	\$ 749.9	\$524.8
Service Fees and Other Income	246.7	325.4	312.2	354.4	289.1
Net Investment Income	26.9	26.0	25.5	23.5	22.5
	1,007.3	1,108.6	1,051.8	1,128.0	836.5
Claim Costs	58.1	64.8	59.7	63.8	40.7
Sales and General Expenses	918.1	955.0	929.5	934.5	698.1
	976.2	1,019.8	989.2	998.3	738.9
Pretax Operating Income	\$ 31.0	\$ 88.7	\$ 62.5	\$ 129.6	\$ 97.6
Operating Cash Flow	\$ 34.1	\$ 80.2	\$ 74.6	\$ 129.5	\$ 96.3
Underwriting Statistics (a)					
Paid Loss Ratio	5.1%	4.3%	4.1%	2.7%	3.8%
Incurred Loss Ratio	5.9%	6.0%	5.8%	5.8%	5.0%
Expense Ratio	93.6%	88.2%	90.5%	84.6%	85.6%
Composite Ratio	99.5%	94.2%	96.3%	90.4%	90.6%
Composition of Pretax Operating Income					
Underwriting/Service Income	\$ 4.1	\$ 62.7	\$ 36.9	\$ 106.0	\$ 75.0
Net Investment Income	26.9	26.0	25.5	23.5	22.5
Pretax Operating Income	\$ 31.0	\$ 88.7	\$ 62.5	\$ 129.6	\$ 97.6
Pretax Operating Margin	3.1%	8.0%	5.9%	11.5%	11.7%
Key Ratios					
Premiums and Fees to Equity	2.7x	2.8x	2.8x	2.9x	2.7x
Claim Reserves to Equity	84%	76%	75%	69%	75%
Reserves to Paid Losses (b)	7.6x	8.7x	9.5x	10.1x	9.2x
Cash and Invested Assets to Liabilities	153%	164%	164%	173%	161%

The above summary has been prepared on the basis of generally accepted accounting principles and excludes realized investment gains and losses.

(a) Loss and expense ratios are measured against combined premiums and fees.

(b) Represents average paid losses for the most recent five years divided into claim reserves at the end of each five-year period.

In 2006, the Group once again earned the industry's highest financial-strength ratings.



2006 Results

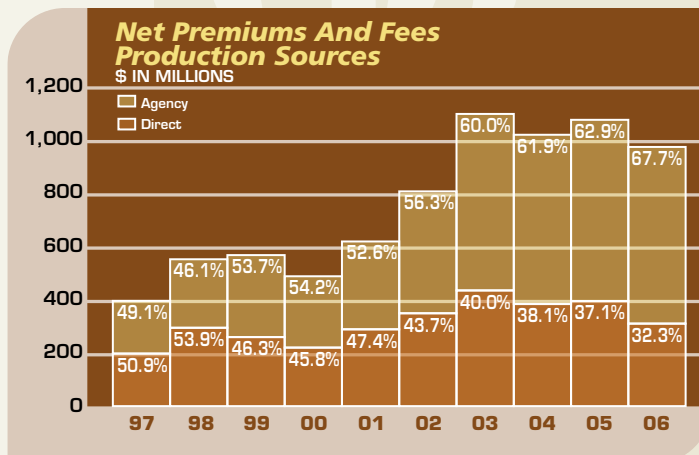
For the 14th year in a row, the Old Republic Title Insurance Group received the industry's highest financial-strength ratings. In 2006, Standard & Poor's again awarded us its AA rating, reflecting our "very strong" financial characteristics. Additionally, we maintained the distinction of being the only title insurer to earn an A1 rating from Moody's Investors Service.

From the time that independent agencies first issued ratings for title insurance companies, no other company in our industry has equaled our consistently high ratings. We are proud of this accomplishment. Our ratings reflect our financial strength and ability to stand behind our obligations today and in the future. Conservative management philosophies, a dedication to ethics and integrity, and close attention to the sturdiness of our balance sheet translate to peace of mind when it matters most.

From a performance perspective, there is no denying that 2006 was a challenging year for everyone in the title insurance industry, including Old Republic. Increased mortgage interest rates and reductions in new home construction led to double-digit percentage declines in mortgage originations and refinances. Although we recorded more than \$1 billion in gross revenues in 2006, we experienced a 9.4% decline in net premium and fee revenues following three years of record revenues.

Our 2006 composite underwriting ratio increased to 99.5%, from 94.2% in 2005. The expense portion of this ratio rose to 93.6%, from 88.2%, while the Group's claim ratio declined slightly to 5.9%. As a result, we have been more diligent than ever in exercising responsible expense management and seeking profitable sales growth opportunities.

Despite nonconductive market conditions, 2006 held many promising developments for our Title Insurance Group. Three acquisitions expanded our product offerings, services, and geographic reach. In September, we announced the acquisition of both Troon Management Corporation and Sentry Abstract Company. Based in Pennsylvania, Troon advises title agents, lenders, builders, real estate professionals, and attorneys around the country on all facets of title agency management and regulatory compliance. Sentry provides management services and support to title insurance agencies throughout eastern Pennsylvania. A month later, we acquired Elyria Land Title Agency, Ltd., which became Old Republic Title Company of Northern Ohio, LLC. This fast growing agency markets title insurance and real estate settlement services in eight Ohio counties.



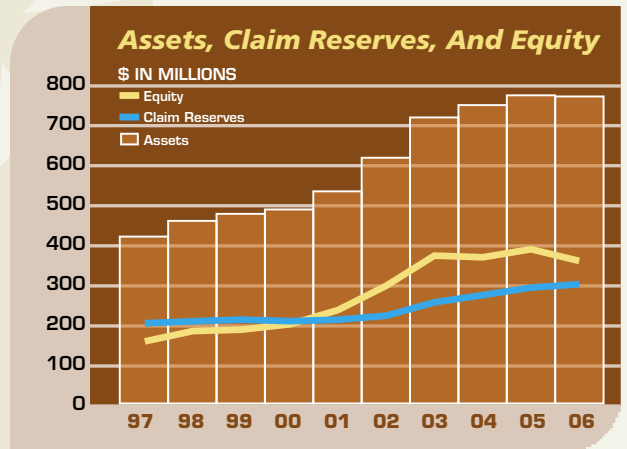
In recent years, our national network of independent title insurance agents has generated an increasing portion of our net premiums and fees.

Outlook

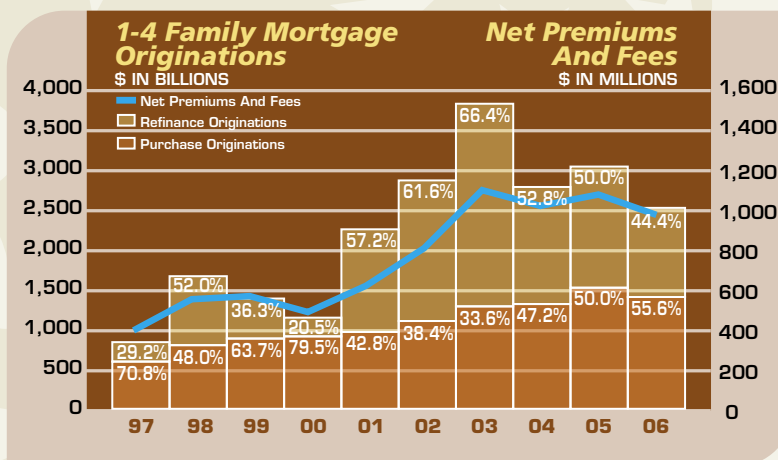
As an important component of the real estate market, title insurance is cyclical and dependent on the volume of home sales and mortgage originations. Forecasts point toward continued challenges in the first half of 2007, followed by a gradual recovery in the latter part of the year or perhaps early 2008. Federal and state regulatory scrutiny of our industry will stay on the horizon throughout 2007, but we remain dedicated to high standards that foster a trusting, honest, and profitable relationship with our agents and customers.

The Title Insurance Group has survived a century of industry ups and downs, which has given us a fair amount of experience and insight when it comes to recognizing opportunities. Throughout 2007, we intend to capitalize on strategic and profitable growth opportunities that not only will benefit us, but also our agents, ultimate customers, and insurance beneficiaries.

We will celebrate and honor the 100th anniversary of our flagship title insurance company in 2007, but we will not rest on our historic success. Our plan is to remain focused on our agents, customers, and new prospects, maintaining and developing the business, despite future challenges. We are optimistic about the times ahead, knowing that we will prevail as long as we stay true to the credibility and integrity that have served the Title Insurance Group so well for a century. These values remain at the core of our competitive advantages and strategies in 2007 and into the next 100 years.



A consistently strong balance sheet explains why the Group has been the country's highest-rated title insurer for 14 years in a row.



The Group's net premiums and fees reflected a double-digit decline in mortgage originations and refinances in 2006.

Old Republic

Corporate*And Other Operations*

In addition to its three major operating segments, Old Republic conducts a small life and health insurance business in the United States through Old Republic Life Insurance Company (ORLIC) and in Canada through Reliable Life Insurance Company. ORLIC, which traces its origins to 1923, is the founding stone of our existing business. Chicago-based Old Republic International Corporation, as the parent company, and several of its corporate services subsidiaries provide necessary management guidance and common resources.

Our life and health business basically focuses on the transportation industry, offering credit life and disability insurance sold through automobile dealers, travel accident insurance marketed through travel agencies, and occupational accident insurance directed at trucking risks. We issue annuities in conjunction with General Insurance Group affiliates to cover life annuities and structured claim settlements.

The table below reflects the combined results of our corporate, life and health, and corporate services operations.

Corporate And Other Operations

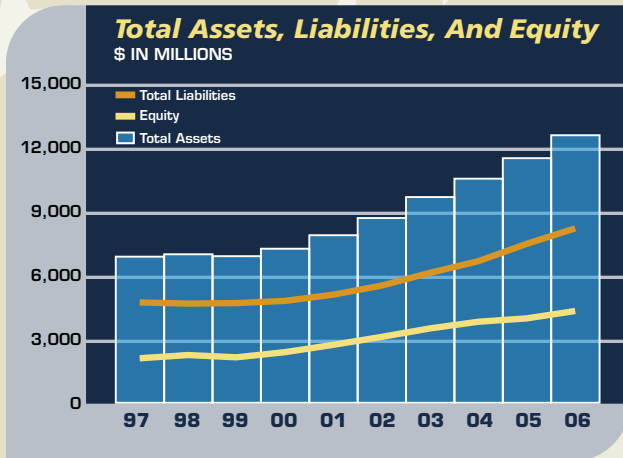
(\$ in Millions)

	2006	2005	2004	2003	2002
Operating Results					
Net Premiums Earned	\$74.1	\$70.3	\$64.6	\$51.6	\$50.1
Net Investment Income	18.7	16.9	14.0	14.9	11.7
Other Income	6.3	11.3	0.7	0.4	0.2
	99.2	98.6	79.3	67.0	62.0
Benefit and Claim Costs	37.3	34.0	35.4	25.1	29.0
General Operating Expenses	61.9	64.7	61.1*	46.3	33.7
	99.3	98.7	96.6	71.5	62.8
Pretax Operating Income (Loss)	\$ -	(\$ 0.1)	(\$17.2)*	(\$ 4.5)	(\$ 0.7)

* Includes special pretax charge of \$10.5 against life and health business for discontinued term life insurance production.

Capitalization

And Financial Ratings



The inherent strengths on both sides of Old Republic's balance sheet provide a solid foundation for long-term staying power and earnings sustainability.

Old Republic Securities Currently Issued And Outstanding

Some 231 million Old Republic common shares (traded on the New York Stock Exchange under the symbol ORI) are outstanding. Institutional investors own a significant percentage of those shares, and at least 6.1% are held by the Company's senior management, independent Board members, and employees through the Old Republic Savings and Stock Ownership Plan.

Other securities issued and outstanding at December 31, 2006 are \$115.0 million of 7% debentures maturing in June 2007 and \$19.0 million in Commercial Paper. In addition, Old Republic has an effective Shelf Registration Statement on file with the Securities and Exchange Commission that gives us the ability to issue up to \$500 million of debt or equity securities.

Independent Financial Ratings Of Key Policy-Issuing Insurance Subsidiaries And Parent Holding Company

In recognition of Old Republic's stability and financial strength, its key insurance subsidiaries consistently are assigned high financial condition or claims-paying ability ratings.

Bituminous Casualty Corporation
Bituminous Fire and Marine Insurance Company
Great West Casualty Company
Old Republic General Insurance Corporation**
Old Republic Insurance Company
Old Republic National Title Insurance Company
Old Republic Surety Company
Old Republic Union Insurance Company
Republic Mortgage Insurance Company
Republic Mortgage Insurance Company of North Carolina
Old Republic International Corporation:
Commercial Paper
Long-term Debt

A.M. Best	CURRENT RATINGS ASSIGNED BY:		
	Fitch	Moody's	Standard & Poor's
A+	AA	Aa2	AA
A+	AA	Aa2	AA
A+	AA	Aa2	AA
A	*	*	AA
A+	AA	Aa2	AA
A+	AA-	A1	AA
A	*	*	AA
A	*	*	AA
*	AA	Aa3	AA
*	*	*	AA
*	*	P-1	A-1
*	A+	A1	A+

*No rating sought by Company or provided by the indicated rating agency./ **Formerly known as International Business & Mercantile REassurance Company.

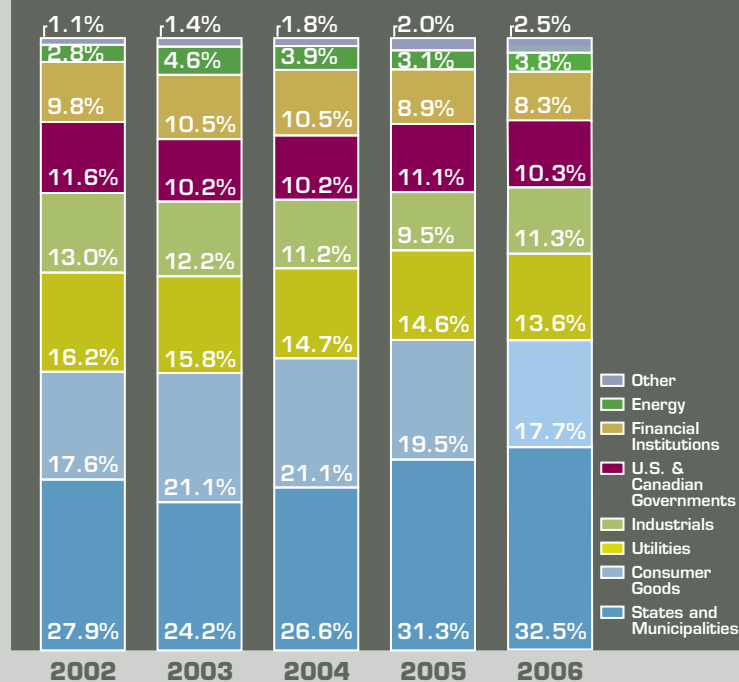
Old Republic

Investment Management

\$ In Millions	1997	2005	2006
Cash & Investment Assets as a % of Consolidated:			
Assets	67.7%	64.1%	65.3%
Liabilities	98.2%	98.3%	99.9%
Equity	217.6%	183.8%	188.4%

A conservative investment policy and disciplined investment orientation have enabled Old Republic to consistently meet its stated objectives of preservation of capital and reasonable investment returns for the benefit of its insurance clients and shareholders.

Diversification Of Fixed Maturity Portfolio



The fixed maturity portfolio has remained well diversified among more than 1,000 different issuers of corporate, municipal, and government and agency-related securities.

Steadfast, Disciplined, And Time Tested

By employing time-tested investment management tools and tenets, the Company has strengthened its capital base through a diversified, liquid, and high quality portfolio of invested assets. The portfolio is protected to a significant degree from interest rate volatility and it is devoid of investment structures and products that are unproven or perceived as particularly risky. Being risk averse and keeping things simple have served Old Republic well over the years, especially during the occasional difficult periods when the financial market environment could have negatively affected our capital base. Although changing conditions in domestic and international economies and global financial markets may necessitate fine-tuning our strategy during any given year, our investment policy has remained steadfast and disciplined.

Old Republic's portfolio mix of securities is well balanced among obligations of U.S. and Canadian government, agency, municipal, and corporate issuers. The Company stresses the purchase of non-callable, marketable, and intermediate-term-maturity fixed income securities of investment grade issuers. Portfolio holdings of junk bonds, derivative products, emerging market investments, and asset- or mortgage-backed securities are negligible. By adhering to a disciplined investment policy, Old Republic has been able to focus its financial and human resources on its basic business of insurance underwriting and related services.

Investment Management

Consolidated Investments

(\$ in Millions)

	2006	2005	2004	2003	2002
Fixed Maturity Securities:					
Taxable Bonds and Notes	\$4,603.0	\$4,356.4	\$4,382.5	\$4,017.4	\$3,535.4
Tax-Exempt Bonds and Notes	2,229.5	1,975.2	1,574.0	1,277.2	1,299.7
Short-Term Investments	493.6	275.3	388.6	403.9	253.8
	7,326.2	6,606.9	6,345.3	5,698.6	5,089.0
Other Invested Assets:					
Equity Securities	669.1	552.4	459.0	513.5	513.5
Sundry	60.7	70.7	67.8	61.7	57.4
Total Investments	\$8,056.1	\$7,230.2	\$6,872.3	\$6,273.9	\$5,660.0

Sources of Consolidated Investment Income

(\$ in Millions)

	2006	2005	2004	2003	2002
Fixed Maturity Securities:					
Taxable	\$ 222.5	\$ 219.4	\$ 214.0	\$ 202.7	\$ 193.5
Tax-Exempt	75.5	64.7	53.1	53.7	59.5
Short-Term Investments	26.6	15.9	5.7	4.5	6.0
	324.7	300.1	272.9	261.0	259.2
Other Investment Income:					
Equity Security Dividends	13.9	9.4	14.3	14.6	12.4
Sundry	6.5	5.4	6.8	6.8	5.2
	20.4	14.9	21.1	21.4	17.7
Gross Investment Income	345.1	315.0	294.1	282.5	276.9
Less: Investment Expenses	3.5	4.9	3.2	3.2	4.2
Net Investment Income	\$ 341.6	\$ 310.1	\$ 290.8	\$ 279.2	\$ 272.6
Net Yield on Average Investments	4.5%	4.4%	4.4%	4.6%	5.0%

Consolidated Fixed Maturity Securities Portfolio Statistics

	General Insurance Group	Mortgage Guaranty Group	Title Insurance Group	Consolidated
December 31, 2006 Maturities in:				
0-5 Years	51.2%	59.4%	55.6%	54.0%
6-10 Years	48.5	40.3	43.7	45.6
11 or More Years	.3	.3	.7	.4
	100.0%	100.0%	100.0%	100.0%
Average Quality Rating	AA-	A+	AA-	AA-
Average Life of Portfolio (Years):				
December 31, 2006	4.7	4.3	4.4	4.5
December 31, 2005	4.9	4.6	4.6	4.7
December 31, 2004	4.6	4.9	4.3	4.6
December 31, 2003	4.2	4.6	4.4	4.4
December 31, 2002	3.8	3.6	3.9	3.7

2006 Economic Landscape

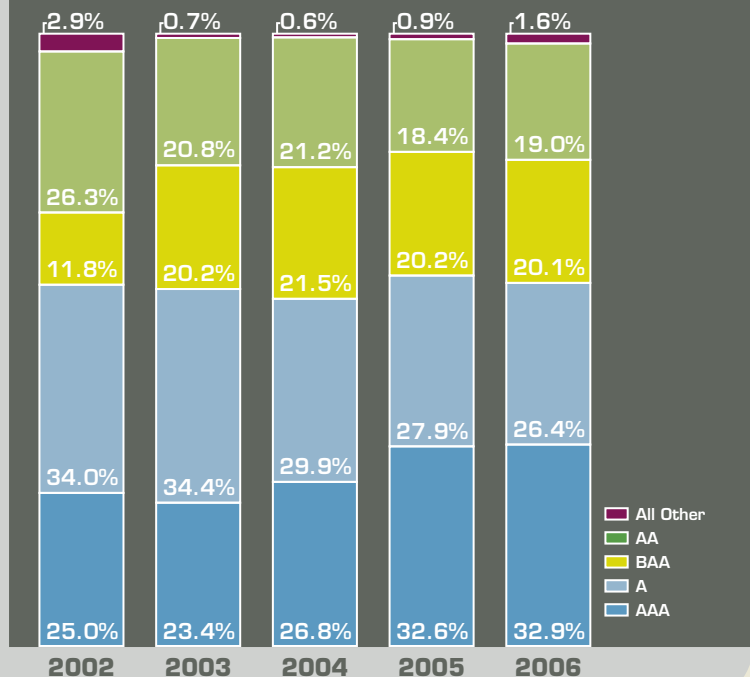
The dominant economic events of 2006 were rising energy prices and the Federal Reserve Board's tighter monetary policy through higher short-term rates. Despite these challenges, financial indicators for 2006 were very sound:

- The CPI inflation rate was 2.5%, contained in spite of the upward trend in energy prices.
- Overall employment steadily improved, with the unemployment rate falling to 4.5% by year-end, from 4.9% at year-end 2005.
- Modest economic growth continued, sustained at approximately 3.0%.

The financial markets exhibited anemic volatility within an environment of relatively low long-term interest rates and rising short-term interest rates, which resulted in a flat-to-slightly-inverted yield curve and higher equity valuations by year-end. The 10-year U.S. Treasury note yielded 4.70% as of December 31, 2006, versus 4.39% and 4.22% at year-end 2005 and 2004, respectively. In the fixed income markets, tax-exempt municipal bonds were attractive on an after-tax basis, while corporate bond yield spreads to U.S. Treasury securities remained tighter than normal measurements, reflecting improved fundamentals and a dearth of new issuances. Equities experienced an excellent total market return of 15.8% in 2006 as measured by the Standard & Poor's 500 Index, versus 4.9% in 2005. Overall equity and bond market volatility remains, however, as the financial markets continue to be skittish and vulnerable to specific disappoint-

ments, especially with regard to corporate accountability, earnings, and adverse legal developments.

Quality Distribution Of Consolidated Fixed Maturity Securities Portfolio



Old Republic's portfolio has consistently comprised high quality investment-grade issues.

2006 Investment Highlights

The composition of Old Republic's consolidated investment portfolio changed slightly in 2006. Our main focus remained on the purchase of corporate and tax-exempt municipal fixed income securities. Within a basically flat yield curve environment, Old Republic's fixed income purchases were primarily in non-callable securities of various investment grade issuers with maturities concentrated between two and 10 years. Within the equity portfolio, little realignment occurred as the Company remained committed to index-style investments. Approximately 84% of the Company's \$669.1 million equity portfolio at December 31, 2006 was committed to indexing, while the remaining 16% represented actively managed equity investment holdings. Similar numbers at year-end 2005 were 87% and 13%, respectively. The accompanying charts and numerical tables illustrate the status of Old Republic's invested asset base at year-end 2006.



Total cash and invested assets for 2006 increased 11.3% to \$8.2 billion, from \$7.3 billion in 2005. This represented 65.3% of consolidated assets and 99.9% of total liabilities. Net investment income increased 10.2% to \$341.6 million, from \$310.1 million in 2005. Overall net investment income was enhanced by increased returns available on short-term working capital balances as short-term rates moved from approximately 4.0% to

5.0%. The pretax equivalent yield on average invested assets was 4.5%, versus 4.4% in 2005. Net realized capital gains from the sale of bonds and stocks decreased to \$19.0 million, versus \$64.9 million in the previous year.

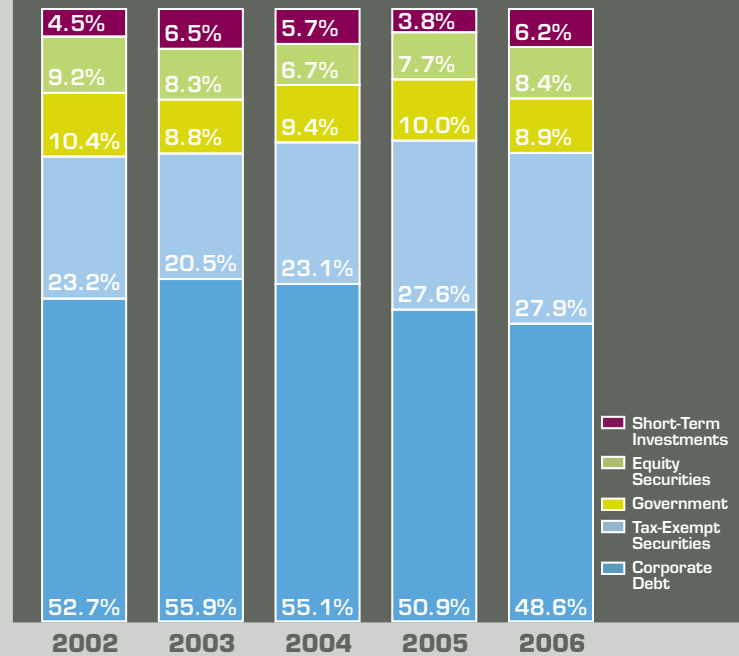
The long-term fixed income security portfolio of \$6.8 billion remained concentrated in high quality, marketable, and non-callable securities of short-to-intermediate maturity. Investment grade issues represented 98.4% of the portfolio, while the average portfolio maturity was 4.5 years with an implied duration of 3.9. Similar numbers at year-end 2005 were 99.1%, 4.7 years, and 4.0, respectively. The year-end 2006 market value of the long-term fixed income portfolio was approximately 99.4% of book value, versus 100.1% at year-end 2005. Old Republic's portfolio remains well diversified, with more than 1,000 different issuers of corporate, municipal, U.S. Government and agency-related securities owned. Equity securities represented 8.3% of the consolidated investment portfolio, versus 7.6% and 6.7% at year-end 2005 and 2004, respectively.

Outlook

We do not intend to deviate from the basic investment policy that has served Old Republic exceedingly well over the years. Given the current financial market environment, we expect to concentrate fixed income security purchases in the intermediate maturity area of two to 10 years. Purchases of tax-exempt securities are likely, provided post-tax yield differentials continue to favor such holdings. Additional commitments to common stocks are likely to be limited, unless a meaningful market correction occurs or specific market conditions warrant such action. We anticipate that net investment income will be up modestly in 2007 since relatively low yields currently available within fixed income security markets may offset the benefits of expected growth in invested assets from insurance operating cash flow.

Although volatility within the financial markets currently appears calm, embedded concerns exist that could alter the present economic landscape and subsequently the overall psychology of the markets. Old Republic's portfolio of invested assets is well positioned, however, to take advantage of any attractive opportunities that may arise within the ever-changing financial marketplace.

Composition Of Investment Portfolio



The composition of Old Republic's consolidated investment portfolio changed slightly during 2006, although the main focus remained on corporate and tax-exempt municipal fixed income securities.



Past In Perspective

2006



Old Republic posts new financial performance records. Assets exceed \$12.6 billion, and common shareholders' equity climbs to more than \$4.3 billion. Consolidated earnings benefit from continuing strength in the General Insurance lines. Mortgage Guaranty records slightly lower results, and Title Insurance operations decline due to significant downturns in housing and related mortgage lending markets. Net operating income is 11.1% lower at \$452.4 million, while net income slips 15.7% to \$464.8 million due to the absence of a special tax credit recorded in 2005. Toward year-end, the Company acquires a contractors insurance business with an annual gross premium volume approaching \$275 million.

The Board increases the common stock cash dividend for the 25th consecutive year, and the Company pays a cash dividend for the 65th year in a row.

2005



In its 82nd year, Old Republic surpasses 2004's record and reaches \$3.8 billion in total revenues. Net operating income increases 26.0% to \$509.1 million, and net income advances nearly 27% to \$551.4 million. All three business segments generate greater pretax operating income, and Title Insurance leads with a 41.9% gain.

Common shareholders' equity grows to a high of more than \$4.0 billion. A special cash dividend on common stock, together with the Company's regular cash dividend, provides a total 2005 payout of \$1.31 per share. The Board declares a 25% stock dividend in the form of a five-for-four split on outstanding common stock.

2001



Old Republic has another year of solid earnings growth. Once again, Mortgage Guaranty achieves record earnings and remains the Company's most profitable business. General Insurance greatly improves its underwriting results, and Title Insurance, benefiting from volume growth and favorable claim experience, registers record performance.

Total revenues increase to nearly \$2.4 billion. Net income and net operating income reach all-time-highs of \$346.9 million and \$330.7 million, respectively. Common shareholders' equity advances 14.1% to \$2.7 billion.

The Board raises the cash dividend, representing the 20th consecutive annual increase and continuing the Company's record of paying cash dividends for 60 years straight.

2000



Old Republic has an excellent year. Driving results is improved underwriting in General Insurance and lower claims and operating expenses in Mortgage Guaranty, which again achieves record earnings and is Old Republic's most profitable business.

Net income of \$297.5 million and net operating income of \$275.6 million rebound from 1999 levels. Common shareholders' equity increases 10.9% to \$2.4 billion. The Company repurchases \$66.4 million in common stock before suspending the program to take advantage of increasing opportunities to expand its core businesses.

The Board increases the cash dividend for the 19th consecutive year, and the Company pays a cash dividend for the 59th year in a row.

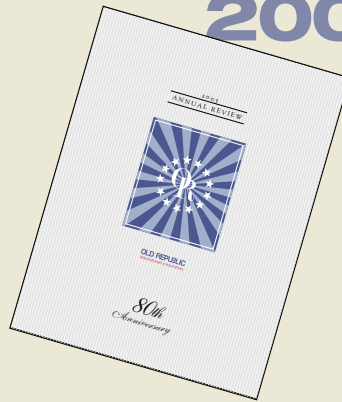
2004



The Company reports the second highest post-tax operating income in its 81-year history. Net operating revenues reach a record \$3.4 billion, and total return on shareholders' equity comes to 10.8%. Net operating income is \$404.1 million, moderately lower than the all-time-high of the previous year. General Insurance enhances profitability, but weaker results in Title Insurance and Mortgage Guaranty, along with special charges in the life and health line, detract from overall growth.

Consolidated assets cross \$10 billion for the first time, and shareholders' equity grows to nearly \$3.9 billion. The Board approves an increase in the annual cash dividend rate for the 23rd consecutive year, and the Company pays a cash dividend for the 63rd year in a row.

2003



Old Republic celebrates its 80th anniversary with a record year. General Insurance, Title Insurance, and Mortgage Guaranty each contribute significantly to the Company's highest-ever operating earnings. Consolidated operating revenues increase 19.1% to \$3.2 billion. Net operating income and net income each rise about 17% to \$447.2 million and \$459.8 million, respectively. Common shareholders' equity tops \$3.5 billion.

A special year-end dividend brings the total 2003 payout to \$.89 per share of common stock. The Company pays cash dividends on its common shares for the 62nd time without interruption and increases its cash dividend rate for the 22nd time. The Board also approves a 50% stock dividend on common shares.

2002



The Company reaches new highs in total revenues and earnings. General Insurance achieves greater underwriting and service income. The lowest interest rates in more than 40 years help propel Mortgage Guaranty to a record volume of new insurance written, and Title Insurance benefits from the surge in home purchases and refinancing. Consolidated operating revenues reach \$2.7 billion. Net income and net operating income grow to \$392.9 million and \$383.8 million, respectively. Common shareholder's equity increases 13.4% to \$3.1 billion.

The cash dividend increases for the 21st consecutive year, and the Company pays a cash dividend for the 61st year. Old Republic ends 2002 with assets of \$8.7 billion and capitalization of nearly \$3.3 billion.

1999



Reversing a 10-year trend, the Company posts lower net operating earnings. Operating income declines 28.1% to \$207.9 million, and consolidated net income falls to \$226.8 million. General Insurance and Title Insurance turn in disappointing performances, but Mortgage Guaranty achieves another year of record earnings.

The Company continues its repurchase program, buying 21.6 million of its outstanding shares at a total cost of \$188.1 million.

Old Republic pays common shareholders a cash dividend for the 58th consecutive year and increases the cash dividend for the 18th consecutive year. The Board approves a 30% increase in the annual cash dividend rate.

1998



Old Republic continues its decade-long record of all-time-high net operating earnings. Net operating revenues top \$2.1 billion, and net income grows to \$323.7 million. Common shareholders' equity reaches \$2.3 billion, reflecting an increase of 10.8%. General Insurance, Mortgage Guaranty, Title Insurance, and Life Insurance are solidly profitable.

For the 57th year in a row, the Company pays a cash dividend, which increases for the 17th consecutive year. The Board also declares a 50% stock dividend. Taking advantage of its excellent capital position, Old Republic repurchases \$151 million of common stock.

1997



Old Republic achieves record net operating earnings for the ninth year in a row. Consolidated premium and fee revenues reach \$1.6 billion, and net income rises to \$298.1 million. Common shareholders' equity advances 13.3% to \$2.1 billion. All four business segments post profit increases. Mortgage Guaranty again reports all-time-high operating earnings. General Insurance reduces its composite underwriting ratio to a 13-year low, and Title Insurance demonstrates strong profitability.

The Company increases the cash dividend to shareholders for the 16th consecutive year and pays a cash dividend for the 56th year in a row. In July, Standard & Poor's adds Old Republic to its MidCap 400 Index.

Consolidated *Financial Statements*



Contents:

- | | |
|--|---|
| 37 Consolidated Balance Sheets | 40 Consolidated Statements of Cash Flows |
| 38 Consolidated Statements of Income | 41 Ten-Year Financial Summary |
| 38 Consolidated Statements of Comprehensive Income | 42 Ten-Year Operating and Balance Sheet Statistics |
| 39 Consolidated Statements of Preferred Stock and Common Shareholders' Equity | |

Consolidated Balance Sheets

(\$ in Millions)

	December 31,				
	2006	2005	2004	2003	2002
Assets					
Investments:					
Available for Sale:					
Fixed Maturity Securities (at Fair Value)	\$ 6,832.6	\$ 6,331.6	\$ 5,956.6	\$5,294.6	\$2,780.9
Equity Securities (at Fair Value)	669.1	552.4	459.0	513.5	513.5
Short-Term Investments (at Fair Value, which approximates Cost)	493.6	275.3	388.6	403.9	253.8
Miscellaneous Investments	52.7	62.7	54.4	53.2	—
Total	8,048.1	7,222.2	6,858.8	6,265.3	3,548.4
Held to Maturity:					
Fixed Maturity Securities (at Amortized Cost)	—	—	—	—	2,054.1
Other Investments	7.9	8.0	13.4	8.5	57.4
Total	7.9	8.0	13.4	8.5	2,111.6
Total Investments	8,056.1	7,230.2	6,872.3	6,273.9	5,660.0
Other Assets:					
Cash	71.6	68.3	60.5	47.2	37.2
Securities and Indebtedness of Related Parties	21.8	16.4	14.0	14.8	10.4
Accrued Investment Income	102.9	95.5	87.3	81.5	79.4
Accounts and Notes Receivable	962.1	803.4	590.1	549.6	501.9
Prepaid Federal Income Taxes	468.4	545.7	499.3	446.5	391.5
Federal Income Tax Recoverable: Current	15.5	—	—	15.9	1.0
Reinsurance Balances and Funds Held	74.2	81.0	92.5	69.9	58.1
Reinsurance Recoverable: Paid Losses	58.6	59.4	53.3	55.9	28.9
Policy and Claim Reserves	2,172.7	2,107.8	1,793.2	1,667.8	1,500.3
Deferred Policy Acquisition Costs	264.9	240.0	232.3	221.9	197.8
Sundry Assets	342.9	294.9	275.6	267.0	248.5
Total Assets	4,556.1	4,312.9	3,698.5	3,438.3	3,055.3
Liabilities, Preferred Stock, and Common Shareholders' Equity					
Liabilities:					
Losses, Claims, and Settlement Expenses	\$ 5,534.7	\$ 4,939.8	\$ 4,403.5	\$4,022.7	\$3,676.8
Unearned Premiums	1,209.4	1,039.3	903.1	814.8	709.3
Other Policyholders' Benefits and Funds	188.6	188.8	175.9	172.3	165.7
Total Policy Liabilities and Accruals	6,932.8	6,167.9	5,482.6	5,009.8	4,552.0
Commissions, Expenses, Fees, and Taxes	243.5	227.2	235.9	206.1	195.2
Reinsurance Balances and Funds	314.4	307.0	157.8	147.8	133.4
Federal Income Tax Payable: Current	—	129.3	8.4	—	—
Deferred	469.4	421.6	554.5	556.8	445.2
Debt	144.3	142.7	143.0	137.7	141.5
Sundry Liabilities	138.4	123.1	122.7	100.2	91.9
Commitments and Contingent Liabilities	—	—	—	—	—
Total Liabilities	8,243.0	7,519.1	6,705.1	6,158.6	5,559.5
Preferred Stock:					
Convertible Preferred Stock	—	—	—	—	—
Common Shareholders' Equity:					
Common Stock	231.0	229.5	185.4	184.4	123.7
Additional Paid-In Capital	319.5	288.6	270.4	245.5	253.1
Retained Earnings	3,773.9	3,444.9	3,240.1	2,896.8	2,700.5
Accumulated Other Comprehensive Income	44.6	60.8	179.5	236.8	111.0
Treasury Stock (at Cost)	—	—	(10.0)	(10.0)	(32.6)
Total Common Shareholders' Equity	4,369.2	4,024.0	3,865.6	3,553.6	3,155.8
Total Liabilities, Preferred Stock, and Common Shareholders' Equity	\$12,612.2	\$11,543.2	\$10,570.8	\$9,712.3	\$8,715.4

Consolidated Statements Of Income

(\$ in Millions, Except Share Data)

	Years Ended December 31,				
	2006	2005	2004	2003	2002
Revenues:					
Net Premiums Earned	\$3,154.1	\$3,062.3	\$2,804.8	\$2,582.1	\$2,135.4
Title, Escrow, and Other Fees	246.3	324.6	311.2	353.9	288.5
Total Premiums and Fees	3,400.5	3,386.9	3,116.1	2,936.0	2,423.9
Net Investment Income	341.6	310.1	290.8	279.2	272.6
Other Income	33.0	43.9	36.7	51.2	45.8
Total Operating Revenues	3,775.2	3,741.0	3,443.7	3,266.5	2,742.4
Realized Investment Gains	19.0	64.9	47.9	19.3	13.9
Total Revenues	3,794.2	3,805.9	3,491.6	3,285.8	2,756.4
Benefits, Claims, and Expenses:					
Benefits, Claims, and Settlement Expenses	1,532.3	1,460.1	1,305.6	1,097.6	975.3
Dividends to Policyholders	7.3	5.3	2.2	15.1	(.4)
Underwriting, Acquisition, and Other Expenses	1,564.4	1,583.4	1,523.8	1,484.9	1,212.0
Interest and Other Charges	9.9	9.5	8.9	8.2	8.8
Total Expenses	3,114.0	3,058.5	2,840.7	2,606.0	2,195.7
Income Before Income Taxes	680.1	747.3	650.9	679.7	560.7
Income Taxes:					
Current	158.8	263.0	183.4	168.0	109.1
Deferred (Credits)	56.4	(67.1)	32.5	51.9	58.5
Total	215.2	195.9	215.9	219.9	167.7
Net Income	\$ 464.8	\$ 551.4	\$ 435.0	\$ 459.8	\$ 392.9
Net Income Per Share:					
Basic	\$ 2.01	\$ 2.40	\$ 1.91	\$ 2.02	\$ 1.74
Diluted	\$ 1.99	\$ 2.37	\$ 1.89	\$ 2.01	\$ 1.73
Average Number of Common and Common Equivalent Shares Outstanding: Basic	231,017,947	229,487,273	228,177,278	226,936,856	226,079,156
Diluted	233,034,986	232,108,491	230,759,540	229,128,669	227,904,145
Dividends Per Common Share:					
Cash: Regular	\$.590	\$.512	\$.402	\$.356	\$.336
Special	—	.800	—	.534	—
Total	\$.590	\$ 1.312	\$.402	\$.890	\$.336
Stock	—%	25%	—%	50%	—%

Consolidated Statements Of Comprehensive Income

Net Income as Reported	\$ 464.8	\$ 551.4	\$ 435.0	\$ 459.8	\$ 392.9
Other Comprehensive Income (Loss):					
Foreign Currency Translation Adjustment	(1.4)	2.9	7.3	13.9	.6
Unrealized Gains (Losses) on Securities:					
Unrealized Gains (Losses) Arising During Period	44.2	(120.5)	(49.9)	191.2	43.6
Less: Elimination of Pretax Realized Gains Included in Income as Reported	19.0	64.9	47.9	19.3	13.9
Pretax Unrealized Gains (Losses) on Securities Carried at Market Value	25.2	(185.4)	(97.8)	171.9	29.6
Deferred Income Taxes (Credits)	8.7	(64.9)	(34.2)	60.1	10.3
Net Unrealized Gains (Losses) on Securities	16.4	(120.5)	(63.5)	111.7	19.2
Minimum Pension Liability:					
Minimum Pension Liability	(17.1)	(1.7)	(1.5)	—	—
Deferred Income Tax Credits	(6.0)	(.6)	(.5)	—	—
Minimum Pension Liability, Net of Tax Credits	(11.1)	(1.1)	(.9)	—	—
Net Adjustments	3.8	(118.7)	(57.2)	125.7	19.9
Comprehensive Income	\$ 468.7	\$ 432.6	\$ 377.7	\$ 585.5	\$ 412.9

Consolidated Statements Of Preferred Stock And Common Shareholders' Equity

(\$ in Millions)

	Years Ended December 31,				
	2006	2005	2004	2003	2002
Convertible Preferred Stock:					
Balance, Beginning of Year	\$ –	\$ –	\$ –	\$ –	\$.3
Converted into Common Stock	–	–	–	–	(.2)
Balance, End of Year	\$ –	\$ –	\$ –	\$ –	\$ –
Common Stock:					
Balance, Beginning of Year	\$ 229.5	\$ 185.4	\$ 184.4	\$ 123.7	\$ 122.1
Stock Dividend	–	45.9	–	61.4	–
Dividend Reinvestment Plan	–	–	–	–	–
Exercise of Stock Options	1.4	.9	.9	.4	1.3
Conversion of Convertible Preferred Stock	–	–	–	–	–
Acquisition of Subsidiary	–	–	–	–	.1
Stock Awards	–	–	–	–	–
Treasury Stock Restored to Unissued Status	–	(2.8)	–	(1.2)	–
Balance, End of Year	\$ 231.0	\$ 229.5	\$ 185.4	\$ 184.4	\$ 123.7
Additional Paid-In Capital:					
Balance, Beginning of Year	\$ 288.6	\$ 270.4	\$ 245.5	\$ 253.1	\$ 219.8
Dividend Reinvestment Plan	1.1	2.0	.8	1.5	.6
Exercise of Stock Options	16.4	18.1	15.3	9.9	27.9
Stock Option Compensation	13.3	4.8	8.7	2.2	–
Conversion of Convertible Preferred Stock	–	–	–	–	.2
Acquisition of Subsidiary	–	–	–	–	4.4
Stock Awards	–	.2	–	–	–
Treasury Stock Restored to Unissued Status	–	(7.1)	–	(21.4)	–
Balance, End of Year	\$ 319.5	\$ 288.6	\$ 270.4	\$ 245.5	\$ 253.1
Retained Earnings:					
Balance, Beginning of Year	\$3,444.9	\$3,240.1	\$2,896.8	\$2,700.5	\$2,383.2
Net Income	464.8	551.4	435.0	459.8	392.9
Dividends on Common Stock: Cash	(135.8)	(300.7)	(91.6)	(201.9)	(75.7)
Stock	–	(45.9)	–	(61.4)	–
Cash Dividends on Preferred Stock	–	–	–	–	–
Balance, End of Year	\$3,773.9	\$3,444.9	\$3,240.1	\$2,896.8	\$2,700.5
Accumulated Other Comprehensive Income:					
Balance, Beginning of Year	\$ 60.8	\$ 179.5	\$ 236.8	\$ 111.0	\$ 91.1
Foreign Currency Translation Adjustments	(1.4)	2.9	7.3	13.9	.6
Net Unrealized Gains (Losses) on Securities	16.4	(120.5)	(63.5)	111.7	19.2
Minimum Pension Liability, Net of Tax Credit	(11.1)	(1.1)	(.9)	–	–
Adjustment to Initially Apply FAS 158, Net of Tax Credits	(20.0)	–	–	–	–
Balance, End of Year	\$ 44.6	\$ 60.8	\$ 179.5	\$ 236.8	\$ 111.0
Treasury Stock:					
Balance, Beginning of Year	\$ –	\$ (10.0)	\$ (10.0)	\$ (32.6)	\$ (32.6)
Acquired during the Year	–	–	–	–	–
Restored to Unissued Status	–	10.0	–	22.6	–
Balance, End of Year	\$ –	\$ –	\$ (10.0)	\$ (10.0)	\$ (32.6)

Consolidated Statements Of Cash Flows

(\$ in Millions)

	Years Ended December 31,				
	2006	2005	2004	2003	2002
Cash Flows from Operating Activities:					
Net Income	\$ 464.8	\$ 551.4	\$ 435.0	\$ 459.8	\$392.9
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:					
Deferred Policy Acquisition Costs	(24.6)	(7.2)	(9.4)	(21.6)	(18.6)
Premiums and Other Receivables	(85.5)	(212.7)	(33.4)	(34.6)	(54.4)
Unpaid Claims and Related Items	560.2	273.9	262.8	192.1	128.6
Other Policyholders' Benefits and Funds	138.9	96.2	82.8	92.9	94.7
Income Taxes	(89.1)	53.9	56.5	36.4	50.0
Prepaid Federal Income Taxes	77.3	(46.4)	(52.8)	(54.9)	(54.3)
Reinsurance Balances and Funds	(77.7)	154.3	(10.5)	(24.9)	10.7
Realized Investment Gains	(19.0)	(64.9)	(47.9)	(19.3)	(13.9)
Accounts Payable, Accrued Expenses, and Other	59.6	34.9	92.5	39.5	48.1
Total	1,004.7	833.6	775.5	665.3	583.8
Cash Flows from Investing Activities:					
Fixed Maturity Securities:					
Available for Sale:					
Maturities and Early Calls	729.1	794.7	608.4	693.5	252.0
Sales	215.3	375.2	149.6	302.0	198.7
Held to Maturity:					
Maturities and Early Calls	—	—	—	—	329.3
Sales	—	—	—	—	1.0
Sales of:					
Equity Securities	21.7	325.8	334.0	211.0	125.5
Other Investments	21.2	12.9	12.7	7.6	2.3
Fixed Assets for Company Use	.8	5.7	.9	1.0	1.3
Investment in Affiliates	7.7	—	—	—	—
Cash and Short-Term Investments of Subsidiaries Acquired	17.6	1.2	2.5	—	1.7
Purchases of:					
Fixed Maturity Securities:					
Available for Sale	(1,517.5)	(1,748.4)	(1,533.9)	(1,363.1)	(854.3)
Held to Maturity	—	—	—	—	(279.1)
Equity Securities	(50.7)	(380.8)	(250.3)	(119.0)	(305.7)
Other Investments	(9.2)	(5.2)	(1.9)	(4.0)	(2.6)
Fixed Assets for Company Use	(19.6)	(37.6)	(20.1)	(22.1)	(16.3)
Investment in Affiliates	(71.3)	(10.1)	(1.4)	—	—
Cash and Short-Term Investments of Subsidiaries Sold	(5.5)	—	—	—	—
Net Decrease (Increase) in Short-Term Investments	(218.2)	118.9	15.5	(149.6)	49.9
Other—Net	(8.9)	4.0	2.6	1.3	(3.5)
Total	(887.4)	(543.5)	(681.3)	(441.3)	(499.9)
Cash Flows from Financing Activities:					
Issuance of Debentures and Notes	3.2	1.0	—	—	—
Issuance of Preferred and Common Shares	18.9	18.4	14.6	9.7	22.0
Repayments of Term Loans	—	—	—	(1.0)	(15.0)
Redemption of Debentures and Notes	(1.5)	(1.4)	(.6)	(2.8)	(2.8)
Dividends on Common Shares	(135.8)	(300.7)	(91.6)	(201.9)	(75.7)
Other—Net	1.2	.2	(3.1)	(17.9)	(13.2)
Total	(113.9)	(282.4)	(80.8)	(214.0)	(84.8)
Increase (Decrease) in Cash					
Cash, Beginning of Year	68.3	60.5	47.2	37.2	38.0
Cash, End of Year	\$ 71.6	\$ 68.3	\$ 60.5	\$ 47.2	\$ 37.2
Supplemental Cash Flow Information:					
Cash Paid during the Year for: Interest	\$ 9.7	\$ 9.4	\$ 8.7	\$ 8.7	\$ 9.2
Income Taxes	\$ 302.0	\$ 138.4	\$ 156.5	\$ 180.6	\$109.4

Ten-Year Financial Summary

(\$ in Millions, Except Share Data)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Financial Position										
Cash and Fixed Maturity Securities	\$ 7,397.9	\$ 6,675.3	\$ 6,405.9	\$ 5,745.8	\$ 5,126.3	\$ 4,721.6	\$ 4,438.3	\$ 4,327.7	\$ 4,506.8	\$ 4,480.1
Equity Securities	669.1	552.4	459.0	513.5	513.5	391.6	295.5	160.1	164.8	117.1
Other Invested Assets	163.7	166.3	155.2	143.3	136.8	136.3	127.3	113.1	96.3	88.0
Reinsurance Recoverable	2,231.3	2,167.2	1,846.5	1,723.8	1,529.2	1,415.3	1,386.5	1,374.8	1,324.2	1,360.7
Prepaid Federal Income Taxes	468.4	545.7	499.3	446.5	391.5	337.2	283.1	227.6	180.6	134.6
Sundry Assets	1,681.6	1,435.9	1,204.7	1,139.2	1,017.9	918.1	750.5	734.6	746.9	742.7
	\$12,612.2	\$11,543.2	\$10,570.8	\$9,712.3	\$8,715.4	\$7,920.2	\$7,281.4	\$6,938.4	\$7,019.7	\$6,923.4
Policy Liabilities	\$ 1,398.1	\$ 1,228.1	\$ 1,079.1	\$ 987.1	\$ 875.1	\$ 767.8	\$ 563.9	\$ 544.0	\$ 600.3	\$ 620.3
Benefit and Claim Reserves	5,534.7	4,939.8	4,403.5	4,022.7	3,676.8	3,451.0	3,389.5	3,433.7	3,406.5	3,529.7
Sundry Liabilities	1,310.2	1,351.0	1,222.5	1,148.7	1,007.4	917.2	888.5	761.3	707.3	620.1
Preferred Stock	—	—	—	—	—	.3	.7	.7	1.2	1.0
Common Equity	4,369.2	4,024.0	3,865.6	3,553.6	3,155.8	2,783.7	2,438.7	2,198.4	2,304.2	2,152.1
	\$12,612.2	\$11,543.2	\$10,570.8	\$9,712.3	\$8,715.4	\$7,920.2	\$7,281.4	\$6,938.4	\$7,019.7	\$6,923.4
Total Capitalization	\$ 4,513.5	\$ 4,166.7	\$ 4,008.6	\$ 3,691.3	\$ 3,297.4	\$ 2,943.1	\$ 2,677.4	\$ 2,407.5	\$ 2,450.6	\$ 2,296.1
Book Value Per Share (a)	\$ 18.91	\$ 17.53	\$ 16.94	\$ 15.65	\$ 13.96	\$ 12.48	\$ 11.00	\$ 9.59	\$ 9.21	\$ 8.31
Operating Results										
Net Premiums and Fees	\$ 3,400.5	\$ 3,386.9	\$ 3,116.1	\$ 2,936.0	\$ 2,423.9	\$ 2,029.5	\$ 1,736.8	\$ 1,781.7	\$ 1,810.6	\$ 1,628.0
Net Investment Income	341.6	310.1	290.8	279.2	272.6	274.7	273.9	263.2	273.1	270.8
Realized Gains	19.0	64.9	47.9	19.3	13.9	29.7	33.6	29.5	53.0	26.3
Other Income	33.0	43.9	36.7	51.2	45.8	39.4	26.1	27.5	34.9	37.6
Total Revenues	3,794.2	3,805.9	3,491.6	3,285.8	2,756.4	2,373.4	2,070.6	2,102.1	2,171.7	1,962.8
Benefits and Claims	1,539.6	1,465.4	1,307.9	1,112.8	974.8	860.5	761.2	833.0	782.1	787.6
Sales and General Expenses	1,574.3	1,593.0	1,532.7	1,493.2	1,220.8	1,006.2	880.7	949.3	920.1	747.9
Total Expenses	3,114.0	3,058.5	2,840.7	2,606.0	2,195.7	1,866.8	1,642.0	1,782.4	1,702.2	1,535.5
Revenues, Net of Expenses	680.1	747.3	650.9	679.7	560.7	506.6	428.6	319.7	469.4	427.3
Income Taxes	215.2	195.9	215.9	219.9	167.7	159.7	131.0	92.9	145.8	129.2
Net Income	\$ 464.8	\$ 551.4	\$ 435.0	\$ 459.8	\$ 392.9	\$ 346.9	\$ 297.5	\$ 226.8	\$ 323.7	\$ 298.1
Net Income Per Share: (a)										
Basic	\$ 2.01	\$ 2.40	\$ 1.91	\$ 2.02	\$ 1.74	\$ 1.56	\$ 1.33	\$.94	\$ 1.26	\$ 1.18
Diluted	\$ 1.99	\$ 2.37	\$ 1.89	\$ 2.01	\$ 1.73	\$ 1.54	\$ 1.32	\$.94	\$ 1.24	\$ 1.12
Operating Cash Flow	\$ 1,004.7	\$ 833.6	\$ 775.5	\$ 665.3	\$ 583.8	\$ 436.1	\$ 254.9	\$ 198.0	\$ 234.6	\$ 323.0
Revenues by Operating Segment										
General Insurance	\$ 2,138.7	\$ 2,017.6	\$ 1,822.5	\$ 1,572.7	\$ 1,376.7	\$ 1,195.0	\$ 1,057.1	\$ 1,053.2	\$ 1,111.3	\$ 1,119.5
Mortgage Guaranty	529.9	516.0	489.9	498.6	467.1	436.0	395.3	355.9	348.3	313.3
Title Insurance	1,007.3	1,108.6	1,051.8	1,128.0	836.5	648.9	518.7	597.1	578.8	423.4
Corporate & Other (b)	99.2	98.6	79.3	66.9	62.0	63.6	65.6	66.2	80.1	79.9
Realized Gains	19.0	64.9	47.9	19.3	13.9	29.7	33.6	29.5	53.0	26.3
Total	\$ 3,794.2	\$ 3,805.9	\$ 3,491.6	\$ 3,285.8	\$ 2,756.4	\$ 2,373.4	\$ 2,070.6	\$ 2,102.1	\$ 2,171.7	\$ 1,962.8
Pretax Income (Loss) by Operating Segment(c)										
General Insurance	\$ 401.6	\$ 350.0	\$ 333.0	\$ 258.9	\$ 182.1	\$ 141.5	\$ 117.6	\$ 70.1	\$ 192.4	\$ 206.7
Mortgage Guaranty	228.4	243.7	224.5	276.4	267.7	261.9	240.1	177.3	155.3	141.5
Title Insurance	31.0	88.7	62.5	129.6	97.6	75.0	40.2	44.0	64.4	36.4
Corporate & Other (b)	—	(.1)	(17.2)	(4.5)	(.7)	(1.5)	(3.0)	(1.3)	4.3	16.2
Realized Gains	19.0	64.9	47.9	19.3	13.9	29.7	33.6	29.5	53.0	26.3
Total	\$ 680.1	\$ 747.3	\$ 650.9	\$ 679.7	\$ 560.7	\$ 506.6	\$ 428.6	\$ 319.7	\$ 469.4	\$ 427.3

(a) Retroactive adjustments have been made for all stock dividends and splits declared through December 31, 2006, and for consistent presentation of annual data.

(b) Represents amounts for Old Republic's holding company parent, minor corporate services subsidiaries, and a small life and health insurance operation.

(c) Before extraordinary items.

Ten-Year Operating And Balance Sheet Statistics

(\$ in Millions)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Underwriting/ General Insurance:										
<i>Service Operating Ratios</i>										
All Lines Combined:										
Earned Premiums	\$1,902.1	\$1,805.2	\$1,623.0	\$1,379.5	\$1,184.1	\$1,000.2	\$ 857.8	\$ 853.4	\$ 902.5	\$ 906.3
Loss Ratio	65.5%	66.6%	65.8%	66.5%	72.0%	74.8%	77.4%	82.6%	71.1%	71.1%
Dividend Ratio	.4	.3	.1	1.1	—	—	.1	.3	—	—
Expense Ratio	24.4	24.6	24.8	26.2	27.1	27.8	28.8	29.7	28.3	27.0
Composite Ratio	90.3%	91.5%	90.7%	93.8%	99.1%	102.6%	106.3%	112.6%	99.4%	98.1%
Liability Lines Only:										
Earned Premiums	\$1,113.7	\$1,066.1	\$ 946.9	\$ 788.2	\$ 665.3	\$ 546.4	\$ 461.3	\$ 462.7	\$ 519.8	\$ 514.6
Loss Ratio	72.9%	72.7%	72.7%	75.3%	85.8%	89.7%	98.9%	96.3%	73.0%	75.0%
Dividend Ratio	.4	.3	.2	1.9	(.2)	(.3)	.1	.6	.1	(.1)
All Other Lines:										
Earned Premiums	\$ 787.6	\$ 740.7	\$ 630.3	\$ 546.4	\$ 471.7	\$ 415.8	\$ 387.5	\$ 387.4	\$ 380.1	\$ 389.4
Loss Ratio	55.2%	57.6%	56.7%	55.3%	55.9%	58.3%	53.7%	67.4%	69.8%	67.2%
Dividend Ratio	.3	.2	.1	.1	—	.2	.1	—	—	—
Mortgage Guaranty:										
Earned Premiums	\$ 444.3	\$ 429.5	\$ 403.2	\$ 400.9	\$ 376.2	\$ 353.1	\$ 331.4	\$ 300.3	\$ 290.7	\$ 271.0
Loss Ratio	42.8%	37.2%	35.5%	22.7%	14.1%	16.1%	15.0%	22.3%	26.9%	35.3%
Expense Ratio	22.5	22.4	25.6	24.8	32.3	27.5	29.6	33.5	33.3	25.4
Composite Ratio	65.3%	59.6%	61.1%	47.5%	46.4%	43.6%	44.6%	55.8%	60.2%	60.7%
Title Insurance (a):										
Earned Premiums and Fees	\$ 980.0	\$1,081.8	\$1,025.2	\$1,103.8	\$ 813.4	\$ 625.3	\$ 494.0	\$ 573.8	\$ 558.2	\$ 402.0
Loss Ratio	5.9%	6.0%	5.8%	5.8%	5.0%	4.0%	3.6%	4.9%	5.2%	4.7%
Expense Ratio	93.6	88.2	90.5	84.6	85.6	87.2	92.4	90.9	86.4	90.5
Composite Ratio	99.5%	94.2%	96.3%	90.4%	90.6%	91.2%	96.0%	95.8%	91.6%	95.2%
Consolidated:										
Earned Premiums and Fees	\$3,400.5	\$3,386.9	\$3,116.1	\$2,936.0	\$2,423.9	\$2,029.5	\$1,736.8	\$1,781.7	\$1,810.6	\$1,628.0
Loss Ratio	45.3%	43.3%	42.0%	37.9%	40.2%	42.4%	43.9%	46.8%	43.2%	48.4%
Expense Ratio	44.7	45.2	47.3	48.5	47.9	46.5	47.7	50.7	47.9	42.5
Composite Ratio	90.0%	88.5%	89.3%	86.4%	88.1%	88.9%	91.6%	97.5%	91.1%	90.9%
Balance Sheet Leverage										
Premium Leverage (b):										
General Insurance	.9x	.9x	.8x	.8x	.8x	.7x	.6x	.6x	.6x	.6x
Mortgage Guaranty	.4x	.3	.3	.3	.3	.3	.4	.4	.5	.5
Title Insurance	2.7x	2.8	2.8	2.9	2.7	2.6	2.4	3.0	3.0	2.5
Consolidated	.8x	.8x	.8x	.8x	.8x	.8x	.7x	.8x	.8x	.8x
Reserve Leverage (c):										
General Insurance	131%	116%	113%	110%	115%	116%	123%	132%	124%	135%
Mortgage Guaranty	19	16	15	14	16	19	21	26	27	29
Title Insurance	84	76	75	69	75	90	104	113	113	128
Consolidated	84%	77%	73%	72%	75%	80%	91%	103%	102%	112%
Capitalization and Fixed Charges Coverage Ratios										
Debt	3.2%	3.4%	3.6%	3.7%	4.3%	5.4%	8.9%	8.6%	5.7%	6.0%
Debt Equivalents	—	—	—	—	—	—	—	.1	.2	.3
Debt and Debt Equivalents	3.2	3.4	3.6	3.7	4.3	5.4	8.9	8.7	5.9	6.3
Preferred Stock	—	—	—	—	—	—	—	—	.1	—
Common Equity	96.8	96.6	96.4	96.3	95.7	94.6	91.1	91.3	94.0	93.7
Total Capitalization	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed Charges										
Coverage Ratio (d)	69.0x	73.4x	70.5x	76.7x	60.5x	37.2x	25.4x	28.5x	41.3x	33.7x

(a) Title Insurance Group ratios are a function of combined premiums and fees earned.

(b) Ratio of net premiums written to equity. For the Title Insurance Group, this ratio incorporates escrow and other fee revenues.

(c) Ratio of claim and claim expense reserves to equity. Consolidated ratio also incorporates future benefit reserves for the Company's small life and health insurance operations.

(d) Earnings before taxes and interest expense related to annual interest expense plus tax-adjusted preferred dividends.

Key Operating Subsidiaries

Currently, Old Republic manages its business through some 122 corporate entities, of which 23 are insurance subsidiaries covering all 50 states and Canada. The following list shows the Corporation's most significant subsidiaries within each operating segment. The underwritten title and managing insurance agencies listed function principally as specialized marketing or underwriting divisions of one or more Old Republic insurance company subsidiaries.

General Insurance Group

Insurance Companies

Bituminous Casualty Corporation
 Bituminous Fire and Marine Insurance Company
 Great West Casualty Company
 Inter West Assurance, Ltd.^(d)
 Old Republic General Insurance Corporation^(c)
 Old Republic Home Protection Company
 Old Republic Indemnity, Ltd.
 Old Republic Insurance Company
 Old Republic Insurance Company of Canada
 Old Republic Lloyds of Texas
 Old Republic Security Assurance Company
 Old Republic Surety Company
 Old Republic Union Insurance Company

Agencies & Service Companies (a)

Chicago Underwriting Group, Inc.
 DISCC Enterprise, Ltd.
 Employers Claims Adjustment Services, Inc.
 Employers General Insurance Group, Inc.
 Employers National Risk Management Services, Inc.
 Great West Risk Management, Inc.
 Great West Services, Inc.
 International Business & Mercantile Insurance Holdings, Ltd.
 Joe Morten & Son, Inc.
 Old Republic Construction Program Group
 Old Republic Equity Credit Services, Inc.
 Old Republic Insured Automotive Services, Inc.
 Old Republic Insured Credit Services, Inc.
 Old Republic Risk Management, Inc.
 Phoenix Aviation Managers, Inc.

Mortgage Guaranty Group

Republic Mortgage Insurance Company
 Republic Mortgage Insurance Company of Florida

Republic Mortgage Insurance Company of North Carolina

Title Insurance Group

Insurance Companies

American Guaranty Title Insurance Company
 Mississippi Valley Title Insurance Company
 Old Republic General Title Insurance Corporation
 Old Republic National Title Insurance Company

Agencies & Service Companies

Asset Discovery, Inc.
 Compass Abstract, Inc.
 Frontier Title Company
 Genesis Abstract, LLC^(b)
 Houston Title Company
 Kasparnet, Inc.
 Lex Terrae, Ltd.
 Lex Terrae National Title Services, Inc.
 Mara Escrow Company

Old Republic Exchange Facilitator Company
 Old Republic Title Company
 Old Republic Title Company of Conroe^(b)
 Old Republic Title Company of Indiana
 Old Republic Title Company of Kansas City, Inc.
 Old Republic Title Company of Nevada
 Old Republic Title Company of Northern Ohio, LLC^(b)
 Old Republic Title Company of St. Louis, Inc.
 Old Republic Title Company of Tennessee
 Old Republic Title Company of Utah
 Old Republic Title and Escrow of Hawaii, Ltd.
 Old Republic Title Insurance Agency, Inc.
 Old Republic Title, Ltd.
 Sentry Abstract Company
 The Title Company of North Carolina, Inc.
 Troon Management Corporation

Corporate and Other Operations

Old Republic Asset Management Corporation
 Old Republic Dealer Service Corporation
 Old Republic Financial Acceptance Corporation

Old Republic General Services, Inc.
 Old Republic Life Insurance Company
 Reliable Life Insurance Company (Canada)

(a) Denotes managing insurance or underwriting agencies.

(b) Denotes joint underwriting venture and/or partially owned subsidiaries and affiliates.

(c) Formerly known as International Business & Mercantile REassurance Company.

(d) Formerly known as Old Republic REassurance Ltd.

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 statements made in this Annual Review and Company-published reports, as well as oral statements or commentaries made by the Company's management in conference calls following earnings releases, can constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Of necessity, any such forward-looking statements, commentaries, or inferences 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, most particularly, by changes in national and regional housing demand and values, the availability and cost of mortgage loans, employment trends, and default rates on mortgage loans. 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.

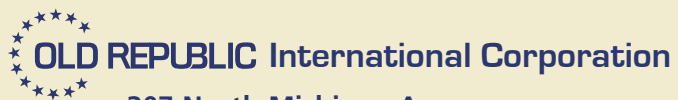
Any forward-looking statements or commentaries speak only as of their dates. Old Republic undertakes no obligation to publicly update or revise any and all such comments, whether as a result of new information, future events, or otherwise, and accordingly they may not be unduly relied upon.

This 2006 Annual Review is published to inform policyholders, stockholders, clients, employees, and the investment community of Old Republic's business operations and philosophy. More detailed financial information appears in the Company's Annual Report sent to shareholders of record. The contents of this Annual Review are consistent with data in the Annual Report.

Annual Report

Old Republic International Corporation's Annual Report to Shareholders, which includes its Annual Report to the Securities and Exchange Commission (Form 10-K), can be accessed through our Website, www.oldrepublic.com, or obtained upon request to: Investor Relations, Old Republic International Corporation, 307 North Michigan Avenue, Chicago, Illinois 60601.

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



307 North Michigan Avenue
Chicago, Illinois 60601
www.oldrepublic.com