

OLD REPUBLIC INTERNATIONAL CORP  
Form DEF 14A  
March 31, 2004

Notice of the Annual Meeting of Shareholders  
To be held May 28, 2004

To the Shareholders of  
OLD REPUBLIC INTERNATIONAL CORPORATION

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of OLD REPUBLIC INTERNATIONAL CORPORATION will be held in Room 2300 at the offices of the Company, 307 North Michigan Avenue, Chicago, Illinois 60601, on Friday, May 28, 2004 at 3:00 P.M. Central Daylight Savings Time, for the purpose of considering and acting upon the following matters:

1. The election of four Class 2 directors;
2. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 22, 2004 will be entitled to vote, either in person or by proxy. Shareholders who do not expect to attend in person are urged to execute and return the accompanying proxy in the envelope enclosed.

The annual report of the Company for the year 2003 is being mailed to all shareholders of record with this Notice and the Proxy Statement.

By order of the Board of Directors.

SPENCER LEROY III  
Secretary

Chicago, Illinois  
April 1, 2004

Proxy Statement  
OLD REPUBLIC INTERNATIONAL CORPORATION  
ANNUAL MEETING OF SHAREHOLDERS  
May 28, 2004

GENERAL INFORMATION

This proxy statement is being furnished to the shareholders of Old Republic International Corporation, a Delaware corporation (the "Company"), 307 North Michigan Avenue, Chicago, Illinois 60601, in connection with the solicitation of proxies by its Board of Directors for use at the annual meeting of shareholders to be held on May 28, 2004 and any adjournments thereof. The approximate date on which this proxy statement and the accompanying proxy are first being sent to the shareholders is April 1, 2004.

Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

The proxy is revocable at any time before it is voted by written notification to the persons named therein as proxies, which may be mailed or delivered to the Company at the above address. All shares represented by effective proxies will be voted at the meeting and at any adjournments thereof.

If the enclosed proxy is properly executed and returned in time for voting with a choice specified thereon, the shares represented thereby will be voted as indicated thereon. If no specification is made, the proxy will be voted by the proxy committee for the election as directors of the nominees named below (or substitutes therefor if any nominees are unable or refuse to serve); and in its discretion upon such matters not presently known or determined which may properly come before the meeting.

The Company has one class of stock outstanding, Common Stock, \$1.00 par value per share ("Common Stock"). On February 16, 2004, 181,721,548 shares of Common Stock were outstanding and entitled to one vote each on all matters considered at the meeting. Shareholders of record as of the close of business on March 22, 2004 are entitled to notice of and to vote at the meeting. There are no cumulative voting rights with respect to the election of directors.

PRINCIPAL HOLDERS OF SECURITIES

The following tabulation shows with respect to (i) each person who is known to be the beneficial owner of more than 5% of the Common Stock of the Company; (ii) each Director and executive officer of the Company; and (iii) all Directors and executive officers, as a group: (a) the total number of shares of Common Stock beneficially owned as of March 1, 2004 and (b) the percent of the class of stock so owned as of the same date:

1

Title of Class	Name of Beneficial Owner			Amount and Nature of Beneficial Ownership
Common Stock				
Shareholders' beneficial ownership of more than 5% of the Common Stock (excluding directors)	Old Republic International Corporation Employees Savings and Stock Ownership Plan Messrs. Kreyling, Legg, Steiner and Zucaro as members of The Executive Committee 307 North Michigan Avenue Chicago, Illinois 60601			9,685,365 (1)
Common Stock	Name of Beneficial Owner	Shares Subject to Stock Options(*)	Shares Held by Employee Plans (*)	Other Share Beneficially Owned (*)
Directors' and executive officers'	Harrington Bischof	-	-	16,192 (3)
	Anthony F. Colao	63,000		165,083
	Jimmy A. Dew	527,625	113,423 (2)	436,431 (4)

Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

beneficial	John M. Dixon	-	-	4,686
ownership	James Kellogg	23,715	24,943 (2)	300,450
	Kurt W. Kreyling	-	-	539,026 (5)
	Peter Lardner	7,500	5,919 (2)	194,703 (6)
	Wilbur S. Legg	-	-	70,224 (7)
	Spencer LeRoy III	214,313	8,532 (2)	46,178 (8)
	John W. Popp	-	-	15,000
	William A. Simpson	557,250	58,264 (2)	256,590 (9)
	Arnold L. Steiner	-	-	1,417,453 (10)
	Fredricka Taubitz	-	-	3,000
	William G. White, Jr.	-	-	69,768
	Rande K. Yeager	42,038	11,521	-
	A. C. Zucaro	750,375	192,087 (2)	611,314
	All executive officers and directors, as a group (18)	2,259,316	439,789	4,154,760

\* Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. Common shares used for calculation purposes include the equivalent common shares that may be issued upon conversion by the beneficial owner of Preferred Stock convertible within 60 days.

\*\* Less than one-tenth of one percent.

- (1) Under the terms of the Old Republic International Corporation Employees Savings and Stock Ownership Plan ("ESSOP"), a participant is entitled to vote the Company stock held by the ESSOP, the shares of which have been allocated to the participant's account. The Executive Committee of the Company, pursuant to the ESSOP, is authorized to vote the Company stock held by the ESSOP until such time as the shares of such stock has been allocated to a participant's account or where a participant fails to exercise his or her voting rights. Additionally, the Executive Committee may be deemed to have investment power with respect to stock held by the ESSOP. The Executive Committee is composed of Messrs. Kreyling, Legg, Steiner and Zucaro. Under the rules of the Securities and Exchange Commission, each of them may be deemed to be the beneficial owner of such shares of Common Stock by virtue of such shared voting and investment power.
- (2) Includes only the shares that have been allocated to the employer matching and employee savings accounts of the director or executive officer as a participant in the ESSOP. Excludes those shares for which the director or executive officer may be deemed to have investment and voting power as a result of being a member of the Executive Committee. Includes shares of the Company's stock held in the Bituminous Casualty Corporation 401K Plan for Mr. Lardner and shares of the Company's stock held by the RMIC Profit Sharing Plan for Messrs. Dew and Simpson.
- (3) Includes 6,750 shares held in trust for Mr. Bischof's benefit.
- (4) Includes 168,850 shares owned by Mr. Dew's wife.
- (5) Includes 535,713 shares owned by or in trust for Mr. Kreyling's wife of

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

which Mr. Kreyling disclaims beneficial ownership.

2

- (6) Includes 114,257 shares held in a living trust of which Mr. Lardner's wife is the trustee and for which Mr. Lardner disclaims beneficial ownership.
- (7) Includes 64,332 shares held in trust for Mr. Legg's benefit and 5,892 shares held in trust for Mrs. Legg's benefit of which Mr. Legg disclaims beneficial ownership.
- (8) Includes 13,294 shares held in trust for Mr. LeRoy's benefit.
- (9) Includes 107,719 shares owned by Mr. Simpson's wife.
- (10) Includes 216,190 shares owned by Mr. Steiner directly, 17,881 shares owned by Mr. Steiner's wife directly, 36,346 shares held in a trust of which Mr. Steiner is trustee for his mother, 424,625 shares held in trust for Mr. Steiner's children, 651,450 shares held by a limited liability corporation of which Mr. Steiner is both an equity owner and a manager and 72,961 shares held by a foundation of which Mr. Steiner is a trustee.

### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and Directors, and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Based solely on reports and other information submitted by executive officers, Directors and such other persons required to file, the Company believes that during the year ended December 31, 2003 all reports required by Section 16(a) have been properly filed.

### THE BOARD OF DIRECTORS AND ITS STANDING COMMITTEES

The Company's Board of Directors has the responsibility to review the overall operations of the Company. The Board members are kept informed of the Company's results of operations and proposed plans and business objectives through periodic reports sent to them by the Company's management or presented at Board and Committee meetings. The Board met four times last year, once each quarter. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board of Directors and Committees on which each served during 2003.

Eight of the Company's thirteen current Directors have no material relationships with the Company, apart from their directorships, and are independent, as that term is used in Section 303A.02 of the Listing Standards of the New York Stock Exchange ("NYSE"). All eight meet an additional requirement for independence imposed by the Company -- that they never have held any management position with the Company or any of its subsidiaries. The independent Directors have selected from among themselves a Lead Director and will meet on a regular basis during 2004 in executive sessions apart from the non-independent Directors and management. The Lead Director position will rotate among the independent Directors for terms not exceeding two years each. His or her successor will be nominated by the Nominating Committee and elected by the independent Directors. The current Lead Director is Wilbur Legg. Any interested party wishing to express concerns to the Lead Director or the independent Directors may do so by writing to:

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

Old Republic International Corporation  
307 North Michigan Avenue  
Chicago, Illinois 60601

The Company's Secretary will promptly forward all such correspondence to the Lead Director.

3

### Directors' Compensation

Directors of the Company receive an annual retainer of \$28,800 plus \$2,400 for each Board or Committee meeting they attend. Directors of the Company or any of its subsidiaries who are full time employees do not receive an annual retainer but receive \$2,400 for each meeting they attend, as members, of the Board or a Committee of the Company, other than meetings of the Executive Committee. Mr. Popp as Chairman of the Audit Committee was paid an additional retainer of \$5,000 during 2003. Mr. Colao received \$120,000 under a Consulting Agreement with the Company during 2003 for services following his retirement.

### Board Committees

The Board of Directors has four principal standing committees.

The Executive Committee is empowered to exercise the authority of the Board of Directors in the management of the business and affairs of the Company between the meetings of the Board, except as provided in the By-laws or limited by the provisions of the General Corporation Law of the State of Delaware, as well as to evaluate the performance of senior executives, and to make recommendations with regard to executive succession. The Committee is also empowered with the supervision of the Company's pension and Employees Savings and Stock Ownership plans and is charged with a fiduciary responsibility to act solely in the interest of the participants and beneficiaries of the Plans. The Committee, which is currently composed of Messrs. Kreyling, Legg, Steiner, and Zucaro, met four times during 2003 and took action by unanimous written consent twice. Mr. Zucaro is Chairman of the Committee.

The Audit Committee is empowered to oversee the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent qualifications and performance of the Company's internal and external auditors and the selection of the Company's independent external auditors. The Committee also is required to annually produce a report which is printed below. The Committee operates pursuant to a written charter, approved by the Board of Directors and is subject to an annual performance evaluation. While information appearing on the Company's website is not incorporated by reference in this Proxy statement, the Committee's charter may be viewed on the Company's website at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are available to shareholders of the Company upon request. During 2003, the Committee was composed of six, non-employee Directors: Messrs. Bischof, Legg, Popp, Steiner, Sursa and White. On March 20, 2003, Ms. Fredricka Taubitz was elected, effective May 1, 2003. On June 29, 2003, Mr. Sursa passed away. Mr Popp was the Committee Chairman throughout the year. Each member was considered in the judgment of the Company's Board of Directors to be independent, as that term is used in paragraph (b)(1)(ii) of the SEC's Rule 10A-3 and Section 303A.02 of the NYSE's Listing Standards. No member served on the audit committees of three or more unrelated publicly held companies. Two members of the Committee, Mr. Popp and Ms. Taubitz, each qualify in the judgment of the Board of Directors as an audit committee financial expert, as that term is used in Item 401(h) of the SEC's Regulation S-K.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

For the year ended December 31, 2003, the Committee selected the accounting firm of PricewaterhouseCoopers LLP ("PwC") as independent auditors to examine the Company's consolidated financial statements. A member of PwC is expected to attend the Company's Annual Meeting of Shareholders. The firm's members will be provided with an opportunity to make an appropriate statement, if he or she desires to do so, and will be available to respond to questions. The aggregate fees billed to the Company by PwC for professional services during 2003 and 2002 were:

Type of Fees	2003	2002
-----	-----	-----
Audit Fees.....	\$ 1,808,879	\$ 1,430,778
Audit Related Fees.....	351,163	281,025
Tax Fees.....	-	-
All Other Fees.....	8,145	-
	-----	-----
Total.....	\$ 2,168,187	\$ 1,711,803
	=====	=====

The term "Audit Fees" refers to fees for professional services rendered by PwC for the audit of the Company's annual financial statements and review of financial statements included in the Company's Forms 10-Q and services that are

4

normally provided by PwC in connection with statutory and regulatory filings or engagements for those fiscal years. "Audit Related Fees" refers to fees for assurance and related services by PwC that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" and consisted primarily of fees for actuarial opinions required for regulatory purposes of insurance subsidiaries' claim reserves, audits of employee benefit plans and assistance in certain state insurance department examinations. "Tax Fees" refers to fees for professional services rendered by PwC for tax compliance, tax advice and tax planning. The term "All Other Fees" refers to fees for products and services provided by PwC, other than those reported under the preceding categories, and consisted of a charge for utilizing certain software for the Company's Canadian operations.

The Charter of the Audit Committee requires that the Audit Committee pre-approve all non-audit work to be performed by the Company's independent auditors. In determining whether to approve non-audit services to be performed by the audit firm, the Audit Committee will consider whether the services in question facilitate the performance of the audit, improves the Company's financial reporting process or is otherwise in the Company's or the public's interest. All (100%) of the Audit-Related Fees and All Other Fees billed to the Company in 2002 and 2003 were approved by the Audit Committee pursuant to the pre-approval waiver requirements of Rule 2-01(c)(7)(i)(C) of the SEC's Regulation S-X. The Audit Committee has determined that these other services and products rendered by PwC were not incompatible with PwC's independence as the Company's auditors.

PwC has advised the Committee that all persons engaged in the Company's independent audit were full-time permanent employees of PwC. No decision has as of yet been made with respect to the selection of an independent auditor for fiscal 2004.

### AUDIT COMMITTEE REPORT 2003

The following Report of the Audit Committee does not constitute soliciting

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The Audit Committee of the Board of Directors (the "Committee") oversees the Company's financial reporting process. As part of its function, it recommended to the Board of Directors the appointment of PricewaterhouseCoopers LLP ("PwC") as the Company's independent auditors for 2003. As part of its oversight function, the Committee evaluated and reviewed with the auditors the overall scope of the Company's annual audit, the Company's annual financial statements and the auditors' comments relative to the adequacy of the Company's system of internal controls and accounting systems. The Committee also reviewed and discussed the audited financial statements in the Company's Annual Report with the Company's management.

Further, the Committee discussed with its auditors such other matters as are required to be discussed under the generally accepted auditing standards set forth in the Statement of Auditing Standards Number 61. In addition, the Committee discussed with its auditors, the auditors' independence from management and the Company and received written disclosures and a letter from PwC regarding their independence, as required by the Independence Standards Board Standard Number 1.

Following these reviews and discussions, the Committee recommended to the Board of Directors and the Board approved the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended 2003 filed with the Securities and Exchange Commission.

Audit Committee  
John W. Popp, Chairman  
Harrington Bischof  
Wilbur S. Legg  
Arnold L. Steiner  
Fredricka Taubitz  
William G. White, Jr.

5

The Nominating Committee is empowered to develop and oversee the Company's policy on the size, composition and qualifications of the Board of Directors. The Committee is authorized to establish procedures to identify and recommend qualified candidates for election to the Board. The Committee is also responsible for developing and establishing corporate governance principles and procedures for the nomination process. The Committee operates pursuant to a written charter approved by the Board of Directors and is subject to an annual performance evaluation. While information appearing on the Company's website is not incorporated by reference in this Proxy statement, the Committee's charter may be viewed on the Company's website at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are available to shareholders upon request. The Committee is composed of five, non-employee Directors, Messrs. Bischof, Dixon, Kreyling, Legg, and Steiner, of which Mr. Bischof is the Chairman. Each member of the Committee is considered independent in the judgment of the Company's Board of Directors and according to the Listing Standards of the NYSE. The Committee met four times during 2003.

### OLD REPUBLIC INTERNATIONAL CORPORATION CORPORATE GOVERNANCE OVERVIEW

For several years the Company has been guided by many of the principles of director independence and qualifications now required by the rules recently adopted by the SEC and NYSE. Subsequent to the promulgation of these regulations, the Company codified a number of its existing governance practices

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

and adopted all additional practices required by the new rules. The Company's policy defining Director independence is even more stringent than the new regulations dictate inasmuch as it requires that its independent Directors never have held any management position with the Company or its subsidiaries. Eight of its current thirteen Directors meet this criteria for independence.

The Audit, Compensation and Nominating Committees of the Board are each standing committees comprised entirely of independent Directors who possess the professional qualities set forth by the new regulations. Six of its independent Directors are substantial long-term private investors in the Company. The Company's Board of Directors has a Lead Director who will chair meetings of the independent Directors beginning in 2004.

While information appearing on the Company's website is not incorporated by reference in this Proxy statement, the Company's Corporate Governance Guidelines, Code of Ethics for the Principal Executive Officer and Senior Financial Officers and its Code of Business Conduct and Ethics, may be viewed on line on the Company's website at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are available to shareholders upon request.

Shareholders of the Company may communicate with the Board of Directors as a whole or with any individual Director. The communications must be in writing and sent in care of the Company's Secretary at the Company's office. The Secretary will forward the communications to the intended recipient as soon as they are received.

### CONSIDERATION AND EVALUATION OF DIRECTOR CANDIDATES

The Company's Board of Directors views its primary mission as (a) rewarding its shareholders by establishing policies whose objectives are to grow corporate earnings and shareholders equity over the long term, and increasing the Company's regular dividend payout; and (b) overseeing the Company's businesses in a sound, conservative manner to assure their profitable growth and the capacity to honor their just obligations to assureds and beneficiaries of the Company's insurance contracts.

Currently the Board is composed of thirteen persons of whom eight are independent. The Company has as a longer term objective further reducing the size of its Board of Directors to nine to eleven persons while maintaining or increasing the number of independent Directors.

When the Board of Directors considers new director candidates, it seeks strong candidates who, ideally, meet all the standards of director independence, including the Company's and are, or have been, senior executives of large institutions who have significant business, financial, accounting and/or legal backgrounds related to the Company's business, markets and/or clients. The Board will consider any such strong candidate provided he or she possesses the following personal characteristics: (i) business and professional community respect for his or her integrity, ethics, principles, insights and analytic ability; and (ii) ability and initiative to frame insightful questions, to speak out when appropriate and challenge questionable assumptions and to disagree in a constructive fashion.

The Company is comprised of four principal insurance segments, each of which is broadly diversified geographically. Each business is highly regulated by agencies of the several states and the federal government as to its business operations and accounting practices. In part as the result of the specialized nature of its businesses and their regulations, it is the Company's view that at least two to four years are normally required for a new Director to develop



## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

sufficient knowledge of the business to become a fully productive and effective contributor to the Company's governance. Reflecting this, each Director must agree to serve one or more three-year terms on both the Company's Board and the board of one or more of its subsidiaries and a number of their corresponding committees. The commitment of a substantial expenditure of time for meeting preparation, meetings and travel is essential to the performance of a Director's responsibilities.

Owing to the inherently long-term nature of much of the Company's businesses, a demonstrated long-term orientation in a candidate's business dealings is considered very important. A nominee must commit to acquiring, and retaining during his or her tenure on the Board, a substantial ownership in the Company's common stock. Similarly, no Director may have any conflict of interest with the Company or any of its subsidiaries which would affect the Director's judgment in dealing with their affairs.

In addition to the above minimum criteria, the Nominating Committee seeks additional background qualities or experience such as a certified public accountancy with responsibilities in audit practice, experience as a senior financial officer in an insurance or financial institution with revenues in excess of \$100 million, relevant background in insurance or corporate securities law or other qualities resulting from an individual's business management experience.

The Nominating Committee evaluates and proposes candidates to the Board at large for approval and slating. It is the policy of the Nominating Committee to consider director candidates nominated by shareholders. Any name presented for consideration must be submitted to the Lead Director with a copy to the Secretary of the Corporation for its records no later than 120 days before the anniversary of the date of the Company's last previous proxy statement. It should be accompanied by a brief description of the person's qualifications plus additional sources of relevant information which will assist the Committee in its investigation of the person's background and qualifications. All candidates nominated by the shareholders will be evaluated on the basis of the same minimum criteria and additional background qualifications and experience enumerated above. A candidate who does not satisfy the minimum criteria enumerated above will not be nominated by the Nominating Committee to the Board. Given the long-term nature of the Company's business, nominees should not be presented if they are regarded simply as representatives of a particular shareholder or group of shareholders with a short-term orientation.

The Company does not require its Board of Directors to attend annual meetings of its shareholders. The meetings are conducted by the Chairman of the Board, who represents the entire Board for purposes of such meetings.

The Compensation Committee, is empowered to develop, review and supervise the employee benefit plans of the Company, to fix the compensation of senior executive officers, and to evaluate their performance. The Committee also is required to annually produce a report on executive compensation which is printed below and is subject to an annual performance evaluation. The Committee operates pursuant to a written charter approved by the Board of Directors. While information appearing on the Company's website is not incorporated by reference in this Proxy statement, the Committee's charter may be viewed on the Company's website at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are available to shareholders upon request. During 2003, the Committee was composed of seven, non-employee Directors, Messrs. Bischof, Dixon, Kreyling, Legg, Popp, Steiner and White. Mr. Steiner is the Committee's Chairman. Each member of the Committee is considered independent in the judgment of the Company's Board of Directors and according to the listing standards of the NYSE. The Committee met once during 2003.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee has ever served as an officer or employee of the Company or any of its subsidiaries, nor has any executive officer of the Company served as a director or member of a compensation committee for any company that employs any Director of the Company or member of the Compensation Committee.

### REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE MANAGEMENT COMPENSATION

The following Report of the Compensation Committee and the performance graphs included elsewhere in this proxy statement do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report or the performance graphs by reference therein.

The Compensation Committee of the Board of Directors (the "Committee") of Old Republic International Corporation (the "Company") evaluated and approved the overall compensation, policies and practices for the Company's management, including its Chief Executive Officer ("CEO") and other executive officers. It, also, reviewed the Company's incentive programs, including the Key Employees Performance Recognition Plan ("KEPRP"), the Stock Option Plan (the "Plan"), and the Employees Savings and Stock Ownership Plan ("ESSOP").

In making its evaluations, the Committee considered a large number of factors including those set forth under "Compensation Policies" herein, together with other matters such as the inflation rate, and the Company's past performance, generally over consecutive five-year time frames. The Committee did not consider such factors based upon any scientific or other formula nor on any quantitative analysis of the relationship among such factors. Rather, the Committee's evaluation was subjective since each Committee member exercised their common sense and reasonable business judgment in attaching varying degrees of importance to each such factor.

#### Compensation Policies

The Company's compensation policies and practices, particularly as they apply to its executive officers, including the CEO, are intended to achieve the following major objectives:

1. To set annual salaries (base income) for key executive officers at amounts which: a) are reasonably competitive in the context of prevailing salary scales; and (b) in the Committee's judgment provide a fixed, reasonable source of current income during the period of employment. Other sources of executive compensation discussed in separate sections hereunder are not taken into account when setting base annual salaries. Among the factors considered in varying degrees, as previously noted, are business size, level of responsibility, complexity of operations, long term performance, loyalty, commitment to Old Republic's long term objectives, and future prospects. Additionally, the Committee takes into account prevailing salary scales in the insurance industry, trends in salary levels published in compilations and reports, and data contained in the proxy statements of publicly held insurance organizations whose assets, revenues, and net income are larger, smaller, or approximately the same as the Company's. These insurance organizations include but are not limited to those that are a part of the Peer Group comparisons on page 18 of this Proxy Statement. Based on a review and evaluation of all such data, the Committee believes that the base salaries of the CEO and key executives are within a range comparable to the median salaries of the above mentioned insurance organizations.

2. To afford personnel an opportunity and incentive to increase their base income over time through participation in incentive compensation and related stock option and savings programs. With respect to all such programs the Committee has approved various criteria, the objectives of which are to: (a) establish tangible means of evaluating the overall financial performance of the Company or individual operating centers; (b) align performance criteria with shareholders' interests by establishing minimum requirements relative to such performance indicators as return on equity, return or profit margin on revenues, and increases in earnings; and (c) encourage a long-term commitment to the Company.

8

In addition, the Committee considers a variety of intangible and other subjective factors such as each person's likely future contribution to the Company's successful growth, his or her level and years of experience, the current state and prospects of the industry or segment(s) thereof, and the Company's long-term goals and strategies which may from time to time require temporary investment in personnel resources in the absence of immediate positive results. Further, the Committee considers the compensation and benefits previously paid to its executive officers.

In making its performance evaluations, the Committee takes the shareholders' interests into account from the standpoints of both total market return for the Common Stock as well as the Company's intrinsic performance as such and relative to the Company's Peer Group. However, the Committee places greater emphasis on the latter two factors since total market return is influenced materially by the vagaries of the securities markets, over which the Company, its Board, and management have little control.

The Committee has not adopted any policy with respect to qualifying compensation paid to executive officers under Section 162(m) of the Internal Revenue Code.

#### Compensation of the Chief Executive Officer

With specific reference to the CEO's compensation, the Committee has taken into account all of the factors and objectives discussed above. In addition, special emphasis is placed on such other considerations as the CEO's vision and planning for the Company's future and the strategies implemented for their realization, his leadership qualities and judgment, and his commitment to and abilities in setting and promoting the character of the organization in the best interests of its insurance subsidiaries, insurance beneficiaries, employees, and shareholders. The Committee's evaluation of the CEO's performance takes place without his presence.

Mr. Zucaro joined the Company in 1976 as Executive Vice President and Chief Financial Officer. He was promoted to President in 1981, to Chief Executive Officer in 1990, and to Chairman in 1993 while retaining his offices as President and Chief Executive Officer. Until 1989, Mr. Zucaro's cash compensation consisted solely of a base annual salary and a small amount of fees earned in his capacity as a director of a number of the Company's subsidiaries. His other compensation was fully deferred pursuant to his participation in the Company's KEPRP, ESSOP, and stock option plans. Since 1990, his cash compensation has been enhanced by 50% of the awards granted to him under the Company's KEPRP.

9

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

The following table reflects certain key data pertaining to the Company's performance during the past three years together with the CEO's compensation during that period. The Company's performance was a significant factor in the Committee's evaluation of the CEO's and other executives' cash and deferred compensation. It, however, was only one of the many factors cited under "Compensation Policies" above, the relative significance of which was left to the subjective business judgment of the Committee. In comparing this data, it should be noted that trends in the CEO's compensation lag, up or down, from the trends in the Company's performance, since compensation reviews and salary and incentive awards are made several months following the end of each calendar year.

### Summary of Company Performance Indicators versus CEO Compensation 2001 to 2003

	Amounts			2003 vs. 2002
	2003	2002	2001	
-----				
Company Performance Indicators (a)				
(\$ in Millions)				
Consolidated assets	\$ 9,172.3	\$ 8,715.4	\$ 7,920.2	11.4%
Common shareholders' equity	3,553.6	3,155.8	2,783.7	12.6%
Net revenues	3,285.8	2,756.4	2,373.4	19.2%
Net operating income	447.2	383.8	330.7	16.5%
Net income	\$ 459.8	\$ 392.9	\$ 346.9	17.0%
Percent return on equity	14.6%	14.1%	14.2%	3.5%
Per Share Data				
(in dollars and cents):				
Book value at end of year	\$ 19.57	\$ 17.45	\$ 15.60	12.1%
Net operating income (diluted)	2.44	2.11	1.83	15.6%
Net income (diluted)	\$ 2.51	\$ 2.16	\$ 1.92	16.2%
=====				
CEO Compensation (b)				
(Whole Dollars)				
1. Cash compensation				
a. Base salary	\$ 620,000	\$ 590,000	\$ 563,333	5.1%
b. Incentive	510,167	327,058	221,980	56.0%
c. Directors fees & other	67,061	52,782	56,875	27.1%
d. Total Cash Compensation	1,197,228	969,840	842,188	23.4%
2. Deferred incentive compensation	515,117	331,585	226,930	55.3%
Incentive stock options:				
3. Valued at 5% appreciation:	3,139,857	3,384,360	2,713,536	-7.2%
4. Valued at 10% appreciation:	7,924,401	8,541,480	6,848,448	-7.2%
5. Total cash & deferred compensation, including options, if any, valued at:				
6. 5% appreciation (1d. + 2 + 3)	4,852,202	4,685,785	3,782,654	3.6%
7. 10% appreciation (1d. + 2 + 4)	\$9,636,746	\$9,842,905	\$7,917,566	-2.1%
-----				
=====				

- (a) This data was taken from the Company's audited financial statements and stock market tables as applicable. Return on equity was calculated by dividing each year's net income by the common shareholders' equity balance at the beginning of the year. Net operating income is defined as net income before extraordinary items, realized investment gains or losses and accounting changes; both net operating income and net income per share are shown after deduction of Preferred Stock dividends, as applicable.
- (b) In this table, Deferred Incentive Compensation includes the deferred portion, which is non-interest bearing, of awards granted under the Company's KEPRP and the employer matching contribution to the ESSOP; Incentive Stock Options have been valued alternatively by assuming that the market value of the Common Stock subject to options compounded at a 5% or a 10% annual rate (or 63% and 159%, respectively, in the aggregate) over the 10-year term of the options. The actual future value of such options may, of course, be higher or lower than these arbitrary formulaic estimates. (See the Summary Compensation Table on page 14.)

10

#### Employee Benefit Plans

In addition to determining base salaries, the Committee also administers the Company's employee benefit plans. The employee benefit plans are an important part of the Company's compensation structure and provide eligible employees, including the CEO and other executive officers, with an opportunity and incentive to increase their base income.

**Key Employee Performance Recognition Plans:** Under the Company's KEPRP, a performance recognition pool is established each year for allocation among eligible key employees of the Company and its participating subsidiaries, including the CEO and other executive officers. Employees eligible to share in this pool are selected by the Committee in consultation with the CEO. The Committee makes the sole determination with regard to the CEO's performance, eligibility and award. After continuing plan participants are credited with a certain portion of the year's pool, the CEO recommends the allocation of the balance of the pool to participants in the plan, other than to himself. Up to 50% of any one year's pool amount may be carried forward for up to three years for later allocation. In designating eligible employees and determining amounts to be allocated, the Committee consults with the CEO and considers the positions and responsibilities of the employees, the perceived value of their accomplishments to the Company, their expected future contributions to Old Republic and other relevant factors. The Committee's evaluation of all such factors is subjective.

Each year's pool amount is established in accordance with a detailed formula which takes into account (a) the eligible participating employees' annual salaries, (b) the current year's earnings in excess of the prior year's earnings (excluding income from realized investment gains or losses), multiplied by a factor determined by the increase in the Company's earnings per share, and (c) the latest year's return on equity in excess of a minimum target return on equity equal to two times the mean of the five year average post-tax yield on 10 year and 20 year U.S. Treasury Securities. The pool is, in turn, limited to a percentage of plan participants' aggregate annual base salaries, ranging from 10% to 150%, depending upon the amount by which the current year's actual return on equity exceeds the minimum target return on equity for the year. There is no prescribed limit as to how much of the year's available pool may be awarded to each participant.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

There is an immediate payment in cash of 50% of any award made, as well as 50% of the multiplier factor applied to the deferred balances of prior years' participants; the balance of the award vests at the rate of 10% per year of participation. The deferred balance(s) do not bear interest. Pursuant to the plan, participants become vested in their account balances upon total and permanent disability or death, or upon the earlier of attaining age 55 or being employed for 10 years after first becoming eligible. Benefits are payable in installments, beginning no earlier than age 55 and/or following termination of employment, death, disability or retirement.

In addition to the KEPRP, the Company also maintains a number of separate plans for several individual subsidiaries or separate operating centers. Such plans provide for the achievement of certain financial results and objectives as to each such subsidiary or operating center. Messrs. Kellogg, Simpson and Yeager do not participate in the Company's KEPRP. Rather, they participate in KEPRP plans applicable to the subsidiaries and operating centers with which they are principally associated. Each of these plans operates in the same basic fashion as the Company's KEPRP. The pools for each plan, including the Company's KEPRP, are established according to detailed formulas that take into account the annual increase in earnings, the return on equity in excess of a minimum target percentage, and other factors pertinent to each operating center. Each separate subsidiary's or operating center's plan has a cash and deferred element, except for a few separate plans of transaction - driven businesses, such as title insurance, which have historically been cash basis plans.

Stock Option Plan: The Company believes that key employees, including the CEO and other executive officers, who are in a position to make a substantial contribution to the long-term performance and direction of the Company should have a stake in its on-going success. To encourage growth in shareholder value and a long-term commitment to the success of the Company's business, the Company maintains a non-qualified stock option plan for key employees of the Company and its participating subsidiaries. The Corporation's Stock Option Plan (the "Plan") was approved by the Company's shareholders in 2002 and replaced a similar non-qualified stock option plan that had been adopted 10 years earlier. The decision to award stock options pursuant to the Plan and the factors that contribute to the amount of such awards are the same basic factors as those set forth under "Compensation Policies" herein.

11

The performance factors the Committee considers include the achievements of the individual key employee, the overall performance of the Company and the likelihood of future contributions to the Company's successful growth by the individual key employee. The relative significance of these and all other factors with respect to awards granted to the CEO and other executive officers is determined subjectively by the Committee. The Plan provides for the issuance of options for up to an aggregate of 6% of the Company's Common Stock issued and outstanding at year end under this Plan or any other plans of the Company. Accordingly, the total of each year's option grants and the number of previously granted unexercised options at the date of grant may not exceed 6% of common stock outstanding at any date of grant.

The purchase price per share of Common Stock subject to an option under the Plan is fixed by the Committee. However, such purchase price may not be less than 100% of the fair market value per share of Common Stock on the date the option is granted. Optionees may exercise their options for shares of either Common Stock or Series G Preferred Stock. The term of each option may not be for more than 10 years from the date of grant. Under ordinary circumstances, options may be exercised in accordance with the following vesting schedule: ten percent at the end of the year of the grant, and thereafter, annually at the rates of 15%, 20%, 25% and 30% so that at the end of the 5th fiscal year after the grant

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

they are 100% vested. Under the Company's former plan, except for the grant made in 2002, which used an amended vesting schedule identical to the Plan, vesting occurs at an annual rate of 10% per year. With respect to options granted prior to 2004, an employee's right to exercise an option is accelerated if the Company's Common Stock closes on the NYSE above the vesting acceleration price established by the Committee for the option. If a vesting acceleration occurs, an optionee may exercise his or her option for the greater of either: 10% of the number of shares covered by the option for each year that the optionee has been employed by the Company or its participating subsidiaries or the sum of the optionee's already vested shares plus 50% of the remaining unvested shares. Vesting accelerations for grants made prior to 2002 accelerate at 10% per year for each year the optionee has been employed by the Company or its subsidiaries. The vesting acceleration price was established by the Committee at the time of grant at the higher of 150% of the market value of the Common Stock at the date of the grant or 100% of the book value per Common Share as of the most recent year end. For options granted prior to January 1, 2000, the vesting acceleration price established by the Committee was the higher of 150% of the market value of the Common Stock at the date of the grant or 150% of the book value per Common Share as of the most recent year end. The vesting acceleration price provision has been eliminated for options granted in 2004 and subsequent years.

Employees Savings and Stock Ownership Plan: The Company's ESSOP allows eligible employees with one or more years of service with the Company or participating subsidiaries ("employers") to save a minimum of 1% up to a maximum of 15% of their total compensation subject to an annual maximum compensation of \$200,000. Employees' savings, up to a maximum of 6%, are matched by employer contributions ranging from 20% to 140% of such savings in accordance with a formula based upon the percentages saved and the increase in the Company's average net operating earnings per share for the five years ending with the calendar year immediately prior to the year for which the contribution is made. The Company's matching contribution applies to annual compensation up to a maximum of \$150,000 under the terms of the ESSOP. Employer contributions are invested exclusively in the Stock of the Company except that employees over age 55 and with 10 years of service credited under the Plan may diversify a portion of the employer's contributions out of the Company's Stock and into alternative investments based on their age and years of service with the Company. This diversification ranges from 25% at age 55 to 100% at age 67. These alternative investment choices are the same ones in which Employee savings may be invested. Employee savings may be invested, at the employee's direction, in publicly managed mutual funds that focus on long term capital appreciation, long term capital growth, long term growth of capital and income, long term growth through investments in common stocks of non-U.S. companies, a stock index fund portfolio, and in short or intermediate term bonds or other fixed income securities. A participant becomes vested in the account balance allocated from employer contributions upon being totally and permanently disabled, dying, or upon the earlier of attaining age 65 or being employed for 6 years. Vesting also occurs in increments of 20% a year, beginning after one year of service. Benefits are payable upon termination of service, death or disability, or following retirement and subject to minimum distribution requirements set out in Treasury regulations under the Internal Revenue Code. At the election of the participant, benefits derived from employer contributions are payable either in cash or the Company's Common Stock.

RMIC Profit-Sharing Plan ("Profit Sharing Plan"): Mr. Simpson participates in the RMIC Profit Sharing Plan. The RMIC Profit Sharing Plan covers substantially all employees of RMIC and its affiliates. Contributions to the plan are determined annually by RMIC's Board of Directors, and voluntary contributions of up to 10% of annual income are permitted. Employees contributions are invested, at the employees' direction, in a number of publicly managed mutual funds and

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

employees may elect to purchase the Company's Common Stock as an investment option. RMIC Profit Sharing Plan participants' interests vest in increments of 10% of contributed amounts beginning with 40% after one year and extending to 100% after seven years. Account balances are payable upon death or permanent disability. Normal retirement is at age 65 and the Profit Sharing Plan provides for early retirement at age 50 with ten years of service. Benefits upon retirement may be received as a monthly annuity, periodic cash payments, or in a lump-sum distribution, at the participant's election.

Compensation Committee  
 Arnold L. Steiner, Chairman  
 Harrington Bischof  
 John M. Dixon  
 Kurt W. Kreyling  
 Wilbur S. Legg  
 John W. Popp  
 William G. White, Jr.

13

### Executive Compensation

The following table sets forth certain information regarding the compensation paid or accrued by the Company to or for the account of the Chief Executive Officer and each of the four other most highly compensated executive officers of the Company for services rendered in all capacities during each of the Company's fiscal years ended December 31, 2003, 2002 and 2001:

SUMMARY COMPENSATION TABLE

(a) Name and Principal Positions	(b) Year	Annual Compensation		(e) Long-Term Compensation Securities Underlying Option Awards (1)
		(c) Salary (1)	(d) Bonus (2)	
A.C. Zucaro	2003	\$ 677,700	\$1,020,334	277,500
President & Chief Executive Officer	2002	635,021	654,116	255,000
	2001	612,204	443,960	240,000
James Kellogg (5)	2003	326,667	175,000	7,500
Senior Vice President General Insurance	2002	244,167	105,000	6,000
Spencer LeRoy III	2003	352,866	243,098	41,200
Senior Vice President, Secretary & General Counsel	2002	339,695	235,902	37,500
	2001	330,408	178,318	37,500
William A. Simpson	2003	310,858	850,000	82,500
Senior Vice President Mortgage Guaranty	2002	292,700	910,000	75,000
	2001	292,610	1,075,524	101,200



Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

Rande K. Yeager (7)	2003	\$ 252,950	\$ 675,000	15,0
Senior Vice President				
Title Insurance				

---

- (1) Includes base salary and fees paid for services as a director of the Company or its subsidiaries.
- (2) Includes combined cash and deferred incentive compensation awards granted under the Company's KEPRP and similar plans maintained for different profit centers. Awards thereunder are made 50% in cash and 50% deferred. The deferred amounts included in this column are usually not payable before the person retires at 55 years of age or later; the amount deferred does not accrue interest and it is included in this column without a present value discount. None of the awards shown differed in any respect from the Company's regular compensation policies and practices. Mr. Yeager does not participate in the Company's KEPRP. Rather, the Old Republic National Title Group maintains a plan that is similar to the Company's Plan but which does not defer any part of the award granted.
- (3) Number of shares of Common Stock subject to options granted during the year indicated, as adjusted for the Company's 2003 stock dividend (split).
- (4) Includes the employer matching contribution to the Company's ESSOP, the amount of premium for the Company's group term life insurance plan attributed to the compensation of executive officers of the Company and the value of meals paid for by the Company. For 2003, the Company's matching contribution for each executive officer was \$4,950 except for Mr. Simpson who elected not to participate in the ESSOP. For 2003, \$5,069, \$1,242, \$2,332, \$1,346 and \$1,290 were attributed to the compensation of Messrs. Zucaro, Kellogg, LeRoy, Simpson and Yeager, respectively, for group term life insurance premiums paid by the Company under a program available to all of its employees. For 2003, \$7,375, \$9,173 and \$5,158 were attributed to Messrs. Kellogg's, Simpson's and Yeager's compensation, respectively, for usage of vehicles provided to them. For 2003, \$4,726 was attributed to Mr. Simpson's compensation for a health reimbursement program RMIC sponsors for all of its employees.
- (5) Mr. Kellogg became an executive officer of the Company on October 1, 2002.
- (6) Includes \$17,000 as the vested amount accrued for Mr. Simpson in the RMIC Profit Sharing Plan for 2001 and \$20,000 for 2002 and 2003.
- (7) Mr. Yeager became an executive officer of the Company on March 21, 2003.

Retirement Plans

The Company maintains the Old Republic International Corporation Salaried Employees Restated Retirement Plan (the "Company Plan") for its employees and those of participating subsidiaries. The Company Plan, which is noncontributory, provides for benefits based upon 1.5% of the participant's "Final Average Monthly Earnings" (1/60th of the aggregate earnings of the employee during the period of the five consecutive years of service out of the last ten consecutive years of service which results in the highest "Final Average Monthly Earnings") multiplied by the participant's years of service. Earnings equal base salary and commissions but excludes cash and deferred incentive compensation awards granted under the Company's KEPRP.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

The following table sets forth the estimated annual benefits payable under the Company Plan to an employee, upon retirement at December 31, 2003, at age 65 after specified years of service:

Highest Average Annual Earnings of The 5 Consecutive Plan Years Out of the Last 10 Plan Years	Estimated Annual Retirement Income for Representative Years Credited Service*		
	10	15	20
\$ 150,000	\$ 22,500	\$ 33,750	\$ 45,000
200,000	30,000	45,000	60,000
250,000	37,500	56,250	75,000
300,000	45,000	67,500	90,000
350,000	52,500	78,750	105,000
400,000	60,000	90,000	120,000
450,000	67,500	101,250	135,000
500,000	75,000	112,500	150,000
550,000	82,500	123,750	165,000
600,000	90,000	135,000	180,000
\$ 650,000	\$ 97,500	\$ 146,300	\$ 195,000

\*Amounts shown in the table above which exceed \$165,000 -- the maximum benefit allowed by law for a qualified plan in 2004 -- would only be payable to a qualified participant under the Old Republic International Corporation or RMIC Executive's Excess Benefit Plan described below.

The amounts shown in the chart are computed on the basis of straight life annuity amounts and are not subject to offsets for any Social Security payments. At December 31, 2003, Mr. Zucaro was credited with 26 years of service, Mr. Kellogg was credited with 25 years of service, and Mr. LeRoy was credited with 10 years of service, for purposes of the Plan. Mr. Yeager does not participate in the Plan as employees of the Old Republic National Title Group participate in the Old Republic National Title Group (ORNTG) Plan instead of the Company Plan. The ORNTG Plan operates in the same basic fashion as the Company's Plan except that benefits are calculated differently. The monthly benefit is 1.20% of the participants Final Average Monthly Earnings up to the Social Security Integration Level times the participant's years of credited service limited to a maximum of 30 years. At December 31, 2003, Mr. Yeager was credited with 15 years of service and his highest average annual earnings for the purpose of this plan was approximately \$486,380. Mr. Simpson did not participate in the plan because employees of RMIC / Republic Mortgage Insurance Company (RMIC) participate in the RMIC Profit-Sharing Plan instead of the Company Plan.

At December 31, 2003, the highest average annual earnings for purposes of the above computations under the Company Plan were approximately \$573,667 for Mr. Zucaro, \$237,966 for Mr. Kellogg and \$326,667 for Mr. LeRoy. The differences between such amounts and the Annual Compensation amounts shown for Messrs. Zucaro, Kellogg, LeRoy and Yeager in the Summary Compensation Table on page 14 are threefold: the figures above are averages of annual base salaries over the past 5 years and do not include either directors' fees or any form of incentive compensation awards.

The Company also maintains the Old Republic International Corporation Executive's Excess Benefit Plan (the "Excess Benefit Plan") to provide certain

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

key executives with pension benefits in excess of the benefits provided by the Company Plan. The Excess Benefit Plan is administered by the Pension Committee of the Board of Directors, which selects the employees to participate in the Excess Benefit Plan from those who are participants in the Company Plan. As of December 31, 2003, Messrs. Zucaro and LeRoy are the only approved executive officers who qualified for participation under this Excess Benefit Plan. RMIC also has an Executive Excess Benefit Plan (the "RMIC Plan") to provide certain key executives of RMIC with benefits in excess of the benefits they would be eligible for if they participated in the Company's Plan. The RMIC Plan is administered by a Committee of the Board of Directors of RMIC, which selects the employees to participate in the RMIC Plan from those eligible employees of RMIC. As of December 31, 2003, Mr. Simpson is the only executive officer of the Company who qualified and has been approved for participation under the RMIC Plan. The benefits payable under this RMIC Plan equal the excess of the amount otherwise payable under the terms of the Company Plan over the reduced benefits required by applicable law. Benefits under this RMIC Plan are payable at the time benefits are payable under the Company Plan. Both the Excess Benefit Plan and the RMIC Plan are non-qualified deferred compensation plans.

### Option Grants in 2003

The following table sets forth certain information regarding options to purchase shares of Common Stock granted to the executive officers of the Company listed in the Executive Compensation Table during the Company's 2003 fiscal year:

Option Grants in 2003					
(a)	(b)	(c)	(d)	(e)	A
Individual Grants					
Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in 2003	Exercise Price	Expiration Date	\$
A. C. Zucaro	277,500	14.99	\$ 17.96	12/31/12	\$
James Kellogg	7,500	0.41	17.96	12/31/12	
Spencer LeRoy III	41,250	2.23	17.96	12/31/12	
William A. Simpson	82,500	4.46	17.96	12/31/12	
Rande K. Yeager	15,000	0.81	\$ 17.96	12/31/12	\$

(1) See the Report of the Compensation Committee on Executive Management Compensation "Stock Option Plan" regarding the vesting of stock options.

### Aggregate Options Exercised in 2003 and Option Values at December 31, 2003

The following table sets forth certain information regarding options to purchase shares of Common Stock exercised during the Company's 2003 fiscal year

Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

and the number and value of exercisable and unexercisable options to purchase shares of Common Stock held at the end of the Company's 2003 fiscal year by the executive officers of the Company named in the Executive Compensation Table:

Aggregated Option Exercises in 2003  
and Option Values at December 31, 2003

(a)	(b)	(c)	(d)
Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at 12/31/03 Exercisable/Unexercisable
A. C. Zucaro	-	-	264,750 / 676,500
James Kellogg	-	-	11,820 / 16,005
Spencer LeRoy III	-	-	140,625 / 102,750
William A. Simpson	-	-	390,375 / 228,375
Rande K. Yeager	-	-	19,313 / 30,937

(1) Value of exercisable/unexercisable in-the-money options is equal to the difference between the fair market value per share of Common Stock at December 31, 2003 and the option exercise price per share multiplied by the number of shares subject to options.

Equity Compensation Plan Information at December 31, 2003

The following table sets forth certain information regarding securities authorized for issuance under equity compensation plans as of year end 2003. The Company only has equity compensation plans that were approved by the Company's shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights
	(a)	(b)
Equity compensation plans approved by security holders.....	8,374,477	\$17.05
Equity compensation plans not approved by security holders.....	-	-
Total.....	8,374,477	\$17.05

The total number of securities to be issued upon the exercise of outstanding options, warrants and rights when combined with the remaining number of securities available for future issuance under all equity compensation plans of the Company, may not exceed 6% of the Company's issued and outstanding common stock as of December 31st of the preceding year.

## Comparative Five-Year Total Market Returns

The following table, prepared on the basis of market and related data furnished by Standard & Poor's Total Return Service, reflects total market return data for the most recent five calendar years ended December 31, 2003. For purposes of the presentation, the information is shown in terms of \$100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding year. The \$100 investment is deemed to have been made either in Old Republic Common Stock, in the S&P 500 Index of common stocks, or in an aggregate of the common shares of the Peer Group of publicly held insurance businesses selected by Old Republic. In each instance the cumulative total return assumes reinvestment of cash dividends.

The information utilized to prepare this table has been obtained from sources believed to be reliable, but no representation is made that it is accurate or complete in all respects.

Comparison of Five Year Total Market Return  
 OLD REPUBLIC INTERNATIONAL CORPORATION vs. S&P 500 vs. Peer Group  
 (For the five years ended December 31, 2003)

	Dec 98	Dec 99	Dec 00	Dec 01	Dec 02	Dec 03
	-----	-----	-----	-----	-----	-----
ORI	\$100.00	\$ 62.49	\$150.94	\$134.94	\$137.76	\$196.03
S&P 500	100.00	121.04	110.02	96.95	75.52	97.18
2003 Peer Group	100.00	81.67	127.93	117.66	101.12	126.62

Peer Group consists of the following publicly held corporations selected by the Company for its 2003 comparison: Ace Limited, American Financial Group, Inc., The Chubb Corporation, Cincinnati Financial Corporation, Fidelity National Financial, Inc., First American Financial Corporation, MGIC Investment Corporation, Ohio Casualty Corporation, Radian Group Inc., SAFECO Corporation, The St. Paul Companies, Inc. and XL Capital Ltd. The Peer Group has been approved by the Compensation Committee and consists of the same companies as last year's Peer Group.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

The following tabulation lists all nominees and continuing Directors of the Company. Four Class 2 Directors are to be elected to hold office for a term of three years and until their successors are elected and qualified. The nominees are presently Class 2 Directors. It is intended that, in the absence of contrary specifications, votes will be cast pursuant to the enclosed proxies for the election of such nominees. Should any of the nominees become unable or unwilling to accept nomination or election, it is intended, in the absence of contrary specifications, that the proxies will be voted for the balance of those named and for a substitute nominee or nominees. However, the Company now knows of no reason to anticipate such an occurrence. All of the nominees have consented to be named as nominees and to serve as directors if elected.

Name	Age	Positions with Company, Business Other Directorships
-----		
Nominees for Election		
-----		
CLASS 2 (Term expires in 2004)		
Jimmy A. Dew	63	Director since 1980; Sales G Mortgage Insurance Company, a for more than the past five year
John M. Dixon	64	Director since May 1, 2003; re Industries Incorporated, Chic Chief Executive Partner with t Cutler, Chicago, Illinois until
Wilbur S. Legg	81	Director since 1969; retired years; formerly partner of attorneys, Chicago, Illinois. been retained by the Company a the last two fiscal years.
John W. Popp	81	Director since 1993. Until accounting firm of KPMG LLP.
-----		
Continuing Members		
-----		
CLASS 3 (Term expires in 2005)		
Peter Lardner	72	Director since 1985; retired; p Chairman of the Board of Bitumin a subsidiary of the Company, f years.
William A. Simpson	62	Director since 1980; Senior Vic and President of Republic Mortga subsidiary of the Company, fo years.
Arnold L. Steiner	66	Director since 1974; retired f years; formerly President of S Alabama.

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

### Continuing Members (Cont'd)

---

#### CLASS 3 (Term expires in 2005)

Fredricka Taubitz	60	Director since May 1, 2003; Un President and Chief Financial Insurance Corp. Until 1985, P firm of Coopers & Lybrand, no LLP.
A. C. Zucaro	64	Director since 1976; Chairma Executive Officer and Presid various subsidiaries for more th

---

### Continuing Members

---

#### CLASS 1 (Term expires in 2006)

Harrington Bischof	69	Director since 1997; Presid Corporation since 1996; f Prudential Securities, Inc.
Anthony F. Colao	76	Director since 1987; retired; officer of a subsidiary of the C past five years. Until 1987, P firm of Coopers & Lybrand, now P
Kurt W. Kreyling	82	Director since 1974; retired f years; formerly President an Company, wholesaler of floor Indiana.
William G. White, Jr.	75	Director since 1993; retired f years; formerly President of T Bank, Winston-Salem, North Southern National Bank, Winston-

---

### Board of Directors Recommendation

The Board of Directors recommends a vote FOR the Class 2 Directors that are listed as nominees. Proxies solicited by the Board of Directors will be voted for the election of these nominees unless shareholders specify to the contrary in their proxies.

### VOTING PROCEDURES

The General Corporation Law of the State of Delaware specifies that in the absence of contrary requirements in a corporation's Certificate of Incorporation or By-laws, the votes on matters at Shareholders' Meetings are decided as follows: (1) Directors are elected by a plurality of the shares present in person or by proxy at the meeting and who are entitled to vote in the election, (2) amendments to the Company's Certificate of Incorporation are determined by

## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

the affirmative vote of the majority of shares of the Company's capital stock that is outstanding and entitled to vote, and (3) all other matters are determined by the affirmative vote of the majority of the shares present in person or by proxy at the meeting and who are entitled to vote on the subject matter.

20

The Company's Certificate of Incorporation and By-laws do not require any different treatment for matters to be considered at the Company's Annual Shareholders' Meeting.

The Company's Certificate of Incorporation and its By-laws are silent on the mechanics of voting. As a result, the General Corporation Law of the State of Delaware is controlling. Under Delaware law the votes at the Company's Annual Shareholders' Meeting will be counted by the inspectors of election required to be appointed at the meeting. The inspectors are charged with ascertaining the number of shares outstanding, the number of shares present, whether in person or by proxy, and the validity of all proxies. The inspectors are entitled to rule on any voting challenges and are responsible for the tabulation of the voting results.

Under Delaware law, abstentions are counted in determining the quorum of the meeting and as having voted on any proposal on which an abstention is voted. Therefore, on those proposals which require a plurality vote of the shares at the meeting that are entitled to vote, the vote of an abstention has no effect. However, on those proposals which require an affirmative vote of the majority of shares present in person or by proxy at the meeting, the vote of an abstention has the effect of a vote against the proposal.

In the event of a broker non-vote arising from the absence of authorization by the beneficial owner to vote on a proposal, the shares reported are counted for the determination of a quorum for the meeting but they are not counted as having voted on the proposal where there is a non-vote. Therefore, on those proposals which require a plurality or a majority vote of the shares at the meeting that are entitled to vote, a non-vote will have no effect. However, on those proposals which require an affirmative vote of the majority of the shares outstanding who are entitled to vote, a non-vote has the effect of a vote against the proposal.

### SHAREHOLDER PROPOSALS FOR 2005 ANNUAL MEETING

In order for a proposal by a shareholder of the Company to be included in the Company's proxy statement and form of proxy for the 2005 Annual Meeting of Shareholders, the proposal must be received by the Company no later than December 3, 2004.

### OTHER MATTERS

The Company knows of no matters, other than those referred to herein, which will be presented at the meeting. If, however, any other appropriate business should properly be presented at the meeting, the proxies named in the enclosed form of proxy will vote the proxies in accordance with their best judgment.

### EXPENSES OF SOLICITATION

All expenses incident to the solicitation of proxies by the Company will be paid by the Company. In addition to solicitation by mail, the Company has retained D. F. King & Company of New York City, to assist in the solicitation of proxies, including delivery of proxy materials. Fees for this solicitation are expected to be approximately \$5,500. The Company intends to reimburse brokerage



## Edgar Filing: OLD REPUBLIC INTERNATIONAL CORP - Form DEF 14A

houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in forwarding copies of solicitation material to beneficial owners of Common Stock held of record by such persons. In a limited number of instances, regular employees of the Company may solicit proxies in person or by telephone.

By order of the Board of Directors.

SPENCER LEROY III  
Secretary

Chicago, Illinois  
April 1, 2004