

OLD REPUBLIC INTERNATIONAL CORP  
Form DEF 14A  
April 02, 2008

---

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

---

TIME AND  
DATE .....

3:00 P.M., Central Daylight Time, Friday,  
May 23, 2008

PLACE  
.....

Old Republic Building  
22nd Floor Conference Center  
307 N. Michigan Avenue  
Chicago, Illinois 60601

ITEMS OF BUSINESS  
.....

- To elect five members of the Class 3 Board of Directors, each for a term of three years.
- To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2008.
- To transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.

RECORD DATE  
.....

You can vote if you are a shareholder of record on March 20, 2008.

ANNUAL REPORT TO SHAREHOLDERS  
.....

Our annual report to shareholders for the year 2007 is printed together with this proxy statement. The Company's Forms 10-K and 10-Q may be also accessed through our Website at [www.oldrepublic.com](http://www.oldrepublic.com) or by writing to Investors Relations at the above Company address.

PROXY VOTING  
.....

It is important that your shares be represented and voted at the Meeting. You can vote your shares by completing and returning your proxy card or by voting on the Internet or by telephone.

April 1, 2008

By Order of the Board of Directors

Spencer LeRoy III  
Senior Vice President, General Counsel  
and Secretary

Page No.	Table of Contents
1	General Information
1	Voting Procedures
1	Shareholder Proposals for the 2009 Annual Meeting
1	Other Matters for the Shareholder Meeting
1	Electronic Delivery of Proxy Material
2	Expenses of Solicitation
2	Principal Holders of Securities
3	Compliance with Section 16(a) of the Securities Exchange Act of 1934
3	Item 1: Election of Directors
4	Continuing Directors
4	Board of Directors' Recommendation
4	Corporate Governance Overview
4	Procedures for the Approval of Related Person Transactions
5	Board of Directors' Responsibilities and Independence
5	Board and Committee Membership
6	Committees of the Board
6	Executive Committee
6	Audit Committee
6	Nominating Committee
7	Compensation Committee
7	Item 2: Ratification of the Selection of an Independent Registered Public Accounting Firm
8	Board of Directors Recommendation
8	Audit Committee Report
9	Compensation Committee Interlocks and Insider Participation
9	Compensation Committee Report
9	Directors' Compensation
10	Compensation Discussion and Analysis
10	Compensation Philosophy and Objectives
10	Executive Behavior Considered when Making Compensation Decisions
10	Elements of Compensation and the Factors and Rationale in Determining Compensation Amounts
10	Annual Salary
11	Incentive Awards
11	Stock Options
12	Other Benefits
12	Change of Control, Severance or Retirement
12	Financial Restatement
12	Tax Deductibility of Compensation
12	Compensation Consultant
12	Stock Ownership Guidelines
13	March 2008 Compensation Committee Annual Meeting
14-15	Summary Compensation Table
15	Stock Options
15	Grants of Plan Based Awards
16	Exercise of Stock Options
16	Equity Compensation Plan Information

17	Outstanding Equity Awards at Fiscal Year End
18	Performance Recognition Plans
19	Nonqualified Deferred Compensation
19	Pension Plans
19	Pension Benefits
20	Employee Savings and Stock Ownership Plan
20	Republic Mortgage Insurance Company (“RMIC”) Profit Sharing Plan
20	Great West Casualty Company (“GWC”) Profit Sharing Plan

(ii)

Proxy Statement  
OLD REPUBLIC INTERNATIONAL CORPORATION  
ANNUAL MEETING OF SHAREHOLDERS  
May 23, 2008

---

GENERAL INFORMATION

---

This proxy statement is being furnished to the shareholders of Old Republic International Corporation, a Delaware corporation (the "Company", "Old Republic" or "ORI"), 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 23, 2008 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, 2008.

The proxy may be revoked at any time before it is voted by written notification addressed to the persons named therein as proxies, and 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, 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 of the director nominees named below (or substitutes therefor if any nominees are unable or refuse to serve); for the selection of the Company's auditor; and in its discretion upon any other matters 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 1, 2008, 230,472,231 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 20, 2008 are entitled to notice of and to vote at the meeting. There are no cumulative voting rights with respect to the election of directors.

VOTING PROCEDURES

---

The General Corporation Law of the State of Delaware applies to the Company and specifies that unless the corporation's Certificate of Incorporation or By-laws provide otherwise, votes on matters presented 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 entitled to vote, (2) amendments to the Company's Certificate of Incorporation are determined by the affirmative vote of the majority of shares 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 entitled to vote. The Company's Certificate of Incorporation and By-laws do not provide differently.

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.

Shares beneficially owned but registered in the name of a broker or bank will be counted for the determination of a quorum for the meeting. If the broker or bank does not vote them (a “non-vote”), they will not be counted as having voted on the proposal. 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 THE 2009 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 2009 Annual Meeting of Shareholders, the proposal must be received by the Company no later than December 1, 2008.

#### OTHER MATTERS FOR THE SHAREHOLDER MEETING

---

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.

#### ELECTRONIC DELIVERY OF PROXY MATERIAL

---

If you are a registered shareholder and have access to a computer and the Internet, you may receive future Annual Reports and Proxy Statements electronically. To sign up for electronic delivery, go to [www.shareownersonline.com](http://www.shareownersonline.com). Once you sign up, you will no longer receive a printed copy of the Annual Report or the Proxy Statement, unless you request one. Each year you will receive an e-mail explaining how to access the Annual Report and the Proxy Statement at the Company's website [www.oldrepublic.com](http://www.oldrepublic.com).

## 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 \$7,500. The Company intends to reimburse brokerage 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.

## 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 31, 2008 and (b) the percent of the class of stock so owned as of the same date:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Of Class(*)
Common Stock Shareholders' beneficial ownership of more than 5% of the Common Stock (excluding directors)	Franklin Resources, Inc. One Franklin Parkway San Mateo, California 94403-1906	18,597,358(1)	8.1
	JP Morgan Chase & Co. 270 Park Ave New York, New York 10017	16,462,449(1)	7.1
	Franklin Mutual Advisors, LLC. 101 John F Kennedy Parkway Short Hills, NJ 07078	16,428,510(1)	7.1
	AXA Financial, Inc. 1290 Avenue of the Americas New York, New York 10104	13,795,186(1)	6.0
Common Stock Directors' and	Name of Beneficial Owner Harrington Bischof	Shares Subject to Stock Options(*) Shares Held by Employee Plans (*) (2)(3) Other Shares Beneficially Owned(*) Total	Percent Of Class (*) **
		- - 20,239 20,239(4)	**

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

Executive Officers' beneficial ownership	Jimmy A. Dew	624,626	136,386	545,538	1,306,550(5)	0.6
	John M. Dixon	-	-	14,156	14,156	**
	James A. Kellogg	92,657	36,319	375,562	505,538	0.2
	Leo E. Knight, Jr.	-	-	11,500	11,500	**
	Spencer LeRoy, III	343,044	13,371	76,716	433,131(6)	0.2
	Karl W. Mueller	44,425	1,214	2,250	47,889	**
	Christopher S. Nard	381,469	9,058	1,000	391,527	0.2
	John W. Popp	-	-	20,000	20,000	**
	R. Scott Rager	64,438	28,306	500	93,244	**
	William A. Simpson	613,907	69,473	368,488	1,051,868(7)	0.5
	Arnold L. Steiner	-	-	826,438	826,438(8)	0.4
	Fredricka Taubitz	-	-	12,000	12,000	**
	Charles F. Titterton	-	-	20,996	20,996(9)	**
	Dennis Van Mieghem	-	-	14,050	14,050(10)	**
	Steven R. Walker	-	-	14,000	14,000(11)	**
	Rande K. Yeager	37,626	17,838	9,688	65,152	**
	Aldo C. Zucaro	1,349,063	328,357	1,030,080	2,711,482	1.2
	Executive Officer and Directors, as a group (19)	3,631,405	675,679	3,372,326	7,679,410	3.3

\*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.

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

(1) Reflects the number of shares shown in the most recent Schedule 13G filings with the Securities and Exchange Commission through February 15, 2008. Franklin Resources, Inc. reports that Franklin Advisory Services, LLC and Franklin Templeton Portfolio Advisors, Inc. have sole voting power for 18,501,283 shares and 3,875 shares respectively and sole dispositive power for 18,593,483 shares and 3,875 shares respectively. JP Morgan Chase & Co. reports that it has sole and shared voting power for 13,096,235 and 2,094,206 shares, respectively, and sole and shared dispositive power for 13,989,170 and 2,471,238 shares, respectively. Franklin Mutual Advisers, LLC reports that it has sole voting and dispositive power for all shares reported. AXA Financial, Inc. reports that it has sole voting and dispositive powers for 11,588,445 and 13,795,061 shares, respectively, and shared voting and dispositive power for 34,875 and 125 shares, respectively.



- (2) Under the terms of the Old Republic Inter-national 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 invest-ment power with respect to stock held by the ESSOP. The Executive Committee is composed of Messrs. Bischof, Dixon, Popp, 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.
- (3) 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 or other Profit Sharing Plans sponsored by subsidiaries. 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 by the RMIC Profit Sharing Plan for Messrs. Dew and Simpson and shares of the Company's stock held by the Great West Casualty Corporation Profit Sharing Plan for Mr. Rager.
- (4) Includes 8,437 shares held in trust for Mr. Bischof's benefit.
- (5) Includes 209,471 shares owned by Mr. Dew's wife.
- (6) Includes 16,617 shares held in an IRA trust for Mr. LeRoy's benefit.
- (7) Includes 134,648 shares owned by Mr. Simpson's wife.
- (8) Includes 270,237 shares owned by Mr. Steiner directly, 465,000 shares held in trust for Mr. Steiner's children, for which he is a co-trustee, and 91,201 shares held by the Steiner Foundation for which Mr. Steiner disclaims beneficial ownership.
- (9) Includes 4,958 shares held in IRA and SEP-IRA trusts for Mr. Titterton's benefit.
- (10) Includes 1,250 shares owned by Mr. Van Mieghem's wife and 6,125 shares held in trust for Mr. Van Mieghem's benefit.
- (11) Includes 10,925 shares held in IRA and SEP-IRA trusts for Mr. Walker's benefit.

#### 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, 2007 all reports required by Section 16(a) have been properly filed.

#### ITEM 1 ELECTION OF DIRECTORS

---

The following tables list all nominees and continuing directors of the Company. Five Class 3 directors are to be elected to hold office for a term of three years and until their successors are elected and qualified. 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 does not expect such an occurrence. All of the nominees have consented to be slated and to serve as directors if elected. In accordance with the Company's stated policy, following the death of Mr. Peter Lardner, the Board voted at its meeting on August 30, 2007 to reduce its size to 12 members.

Positions with Company, Business Experience and

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

Name	Age	Other Directorships
Nominees for Election		
CLASS 3 (Term to expire in 2008)		
Leo E. Knight, Jr.	62	Director, since 2006; formerly Chairman and Chief Executive Officer of National City Mortgage Company, Dayton, Ohio, an insured of the Company's subsidiary, Republic Mortgage Insurance Company, for more than the past five years. Mr. Knight is also a director of Merscorp, Inc.
William A. Simpson	66	Director since 1980; Chairman of Republic Mortgage Insurance Company, a subsidiary of the Company, for more than the past five years.
Arnold L. Steiner	70	Director since 1974; retired for more than the past five years; formerly President of Steiner Bank, Birmingham, Alabama.
Fredricka Taubitz	64	Director since 2003; until 2000, Executive Vice President and Chief Financial Officer of Zenith National Insurance Corp.; until 1985, Partner with the accounting firm of Coopers & Lybrand, now PricewaterhouseCoopers LLP.
Aldo C. Zucaro	68	Director since 1976; Chairman of the Board and Chief Executive Officer of the Company and various subsidiaries for more than the past five years.

Continuing Members

CLASS 1 (Term to expire in 2009)

Harrington Bischof	73	Director since 1997; President of Pandora Capital Corporation since 1996; formerly Senior Advisor, Prudential Securities, Inc.
Charles F. Titterton	66	Director since 2004; Formerly director - Insurance Group with Standard & Poor's Corp. until 2003.
Steven R. Walker	62	Director since 2006; formerly Senior Counsel and Partner with Leland, Parachini, Steinberg, Matzger & Melnick, LLP, attorneys, San Francisco, California, which has provided legal services to Old Republic Title Company, an Old Republic subsidiary, during more than the last five years.

Continuing Members

CLASS 2 (Term to expire in 2010)

Jimmy A. Dew	67	Director since 1980; Vice Chairman of Republic Mortgage Insurance Company, a subsidiary of the Company, for more than the past five years.
John M. Dixon	68	Director since 2003; Director of Amsted Industries Incorporated, Chicago, Illinois; formerly Chief Executive Partner with the law firm of Chapman and Cutler, Chicago, Illinois until his retirement in 2002.
John W. Popp	85	Director since 1993; formerly Partner with the accounting firm of KPMG LLP until his retirement in 1982.
Dennis P. Van Mieghem	67	Director since 2004; formerly Partner with the accounting firm of KPMG LLP until his retirement in 1998.

Board of Directors' Recommendation Concerning the Election of Directors

The Board of Directors recommends a vote FOR the Class 3 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.

For several years the Company has been guided by many of the principles of director independence and qualifications now required by the rules of the SEC and New York Stock Exchange (“NYSE”). Subsequent to the promulgation of these regulations, the Company codified a number of its existing governance practices and adopted all additional practices required by these rules. Seventy-five percent (75%) of the Company’s current Board membership is considered to meet the appropriate criteria for independence. The Audit, Compensation and Nominating Committees of the Board are comprised entirely of independent directors who possess the professional qualities set forth by these regulations. The Company’s Board of Directors has a Lead Director who chairs the separate meetings of the independent directors.

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 Old Republic’s website at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are available to shareholders upon request to the Investors Relations Department at the Company’s Chicago Home Office.

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 promptly forward the communications to the intended recipient.

#### PROCEDURES FOR THE APPROVAL OF RELATED PERSON TRANSACTIONS

---

In addition to its Code of Business Conduct and Ethics and a Code of Ethics for The Principal Executive Officer and Senior Financial Officers, Old Republic also has a Conflict of Interest Policy which is circulated annually to all directors and officers of the Company and its subsidiaries. This policy states that no director, officer, or employee of the Company or its subsidiaries may acquire or retain any interest that conflicts with the interest of the Company. This includes direct or indirect interests in entities doing business with the Company or its subsidiaries. If such a conflict occurs, the director or employee involved is required to make a written disclosure of this matter to the Company.

The directors, officers and affected employees are required to notify the Company of the actual or potential existence of a related party transaction, as defined by SEC rules. Directors are required to notify the Chairman of the Board, unless the Chairman is the affected director, in which case he or she is required to notify the Lead Director. Executive Officers are required to notify the Chief Executive Officer ("CEO"), unless the CEO is the affected executive, in which case he or she is required to notify the Chairman or Lead Director as appropriate. Under the Procedures, the CEO, Chairman or Lead Director as applicable, must conduct a preliminary inquiry into the facts relating to any existing or potential related party transaction. If, based upon the inquiry and the advice of legal counsel, the CEO, Chairman or Lead Director, as applicable, believes that an actual or potential related party transaction exists, then he or she is required to notify the entire Board. In turn, the Board is required to conduct a full inquiry into the facts and circumstances concerning a conflicted transaction and to determine the appropriate actions, if any, for the Company to take. Any director who is the subject of an existing or potential related party transaction will not participate in the decision-making process of the Board relating to what actions, if any, shall be taken by the Company with respect to such transaction.

#### THE BOARD OF DIRECTORS' RESPONSIBILITIES AND INDEPENDENCE

---

The Board of Directors' main responsibility is to monitor the overall operations of the Company on behalf of the shareholders. It views its primary mission as (a) ascertaining that strategies and policies are in place to encourage the growth of consolidated earnings and shareholders equity over the long term, while increasing the Company's regular dividend payout; (b) ascertaining that the Company's business is managed in a sound and conservative manner that takes into account the public interest vested in its insurance subsidiaries; and (c) providing advice to management on business opportunities and strategies. Board members are kept informed of the Company's results of operations, financial condition and proposed plans and business objectives through periodic reports provided to them by management.

The Board met four times in 2007, once each quarter. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board and Committees on which each served. 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 and Chief Executive Officer who is the designated spokesperson for the Corporation and represents the entire Board for these and other purposes.

Nine of the Company's directors are deemed independent as that term is used in Section 303A.02 of the Listing Standards of the NYSE. Neither they nor any members of their immediate families had any relationships whatsoever with the Company during 2007 or the two years prior to that, apart from their directorships. The independent directors who are listed below have selected from among themselves a Lead Director; they met on a regular basis during 2007 in executive sessions without management present. The Lead Director position rotates among the independent directors. His or her successor is nominated by the Nominating Committee and elected by the independent directors. The Lead Director for 2007 was Arnold L. Steiner. Any interested party wishing to express concerns to the Lead Director or the independent directors may do so by writing to:

(Director's Name)  
C/O Corporate Secretary  
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 or independent director to whom it is addressed.

## BOARD AND COMMITTEE MEMBERSHIP (as of March 31, 2008)

Director	Independent	Other	Executive	Committee Membership		
	Directors(a)	Directors(b)		Audit	Nominating	Compensation
Harrington Bischof	X		X		X(c)	X
Jimmy A. Dew		X				
John M. Dixon	X		X		X	X(c)
Leo E. Knight, Jr.	X			X(d)(e)		
John W. Popp	X		X	X(c)(e)		X
William A. Simpson		X				
Arnold L. Steiner	X(f)		X		X	X
Fredricka Taubitz	X			X(d)(e)		X
Charles F. Titterton	X			X(e)	X(d)	
Dennis P. Van Mieghem	X			X(e)		X(d)
Steven R. Walker	X				X	X
Aldo C. Zucaro		X	X(c)			
Number of scheduled meetings during 2007	4	4	5	4	4	3
Number of written consents during 2007	-		2	-	-	-

(a) Independent director as that term is used in Paragraph (b)(1)(iii) of the SEC's Rule 10A-3 and Section 303A.02 of the Listing Standards of the NYSE. (b) The Other Director classification includes all directors who are members of management, or do not currently meet the standard indicated at (a) above. (c) Chairman (d) Vice-Chairman (e) Financial Experts as that term is used in Item 401(h) of the SEC's Regulation S-K. (f) Lead Director.

## COMMITTEES OF THE BOARD

---

The Board of Directors has four principal standing committees:

The Executive Committee is empowered to exercise the Board of Directors' authority between scheduled meetings, except as provided in the By-laws or otherwise limited by the provisions of the General Corporation Law of the State of Delaware. The Committee operates pursuant to a written charter. It is also authorized to evaluate the performance of the CEO and other senior executives, to review and approve the Company's investment policy, to review and approve the Company's dividend and capitalization policies, and to annually review and evaluate executive succession plans. The Committee also oversees the Company's pension and Employees Savings and Stock Ownership plans. The current members of the Executive Committee are as follows:

Executive Committee  
Harrington Bischof     John M. Dixon  
John W. Popp             Arnold L. Steiner  
Aldo C. Zucaro, Chairman

The Audit Committee is empowered to monitor the integrity of the Company's financial statements and the effectiveness of the Company's internal control over financial reporting, the Company's compliance with legal and regulatory requirements, the qualifications and performance of the Company's internal auditors and independent registered public accounting firm (the "independent auditors"), and to appoint the Company's independent auditors. The Committee also is required to annually make a report which is printed below. The Committee operates pursuant to a written charter approved by the Board of Directors and performs an annual self-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 at [www.oldrepublic.com](http://www.oldrepublic.com). Printed copies are also available to shareholders upon request.

The Audit Committee held four regularly scheduled meetings during 2007. In addition three other meetings were held with the Company's independent auditors and management prior to the Company's filing of quarterly reports on SEC Form 10-Q.

Each Audit Committee member is considered 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. Five members of the Committee, Messrs. Knight, Popp, Titterton, Van Mieghem and Ms. Taubitz, are deemed to qualify as audit committee financial experts, as that term is used in Item 401(h) of the SEC's Regulation S-K. No member served on the audit committees of three or more unrelated publicly held companies. The current members of the Audit Committee are as follows:

Audit Committee  
John W. Popp, Chairman             Leo E. Knight, Jr., Vice-Chairman  
Charles F. Titterton                 Fredricka Taubitz, Vice-Chairman  
Dennis P. Van Mieghem

The Nominating Committee is empowered to oversee the Company's policies relative to the size, composition and qualifications of the Board of Directors. The Committee is also authorized to establish procedures to identify and recommend qualified candidates for election to the Board, and to oversee compliance with corporate governance principles and procedures for the nomination process. The Committee operates pursuant to a written charter approved by the Board of Directors, and performs an annual self-evaluation. While 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. In the judgment of the Company's Board of Directors each member of the

Committee is considered independent pursuant to the Listing Standards of the NYSE.

The Board is composed of twelve persons of whom nine are classified as independent. It is the Company's longer term objective to reduce the size of its Board to between nine and eleven members, and to aim for at least 80% representation by independent directors.

In considering director candidates, the Board of Directors, through the Nominating Committee, seeks to identify individuals who, as a minimum, will satisfy the requirements for director independence, who are, or have been, senior executives of businesses or professional organizations, and who have significant business, financial, accounting and/or legal backgrounds useful to the Company's operations, markets and customer services. Additionally the Board looks for candidates possessing certain critical personal characteristics, most importantly: (i) respect within the candidate's social, business, and professional community for his or her integrity, ethics, principles and insights; (ii) demonstrated analytic ability; and (iii) the candidate's ability and initiative to frame insightful questions, to speak out when appropriate, to challenge questionable assumptions, and to disagree in a constructive fashion.

The Company's insurance business is managed through three major insurance segments and one additional, much smaller segment, which, in the aggregate, are broadly diversified as to types of coverage and services provided. Each of the segments and their insurance subsidiaries are highly regulated by state and federal governmental agencies as to their business, accounting and financial reporting practices. In part as the result of the specialized nature of its businesses and their regulation, it is the Company's view that at least two to four years are normally required for a new director to develop sufficient knowledge of the business to become a fully productive and effective contributor to the Company's governance. Reflecting this, each director is expected to serve one or more three-year terms on both the Company's Board and those of its key insurance subsidiaries, as well as on a number of Board 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 business, a demonstrated long-term orientation in a Board candidate's business dealings is considered very important. Further, 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. No director may have any significant conflict of interest or enter into any transaction with the Company or any of its subsidiaries which could be perceived to affect the director's judgment in dealing with their affairs. Company policy prohibits any director from sitting on the boards of more than three other public companies. None of the Company's current directors are members of the boards of any other public companies. Company policy also requires directors to submit a letter of resignation in the event they change jobs.

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 Committee's Chairman with a copy to the Secretary of the Corporation 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 comprehensive description of the person's qualifications plus additional sources of relevant information which will assist the Committee in its review of the person's background and qualifications, and determination of fitness to serve. All candidates nominated by shareholders will be evaluated on the basis of the same minimum criteria and additional background qualifications and experience described above. A candidate who does not satisfy the minimum criteria qualifications will not be recommended by the Nominating Committee for membership on the Board. Given the long-term, regulated nature of the Company's business, nominees will not be considered if they are regarded simply as representatives of a particular shareholder or group of shareholders with a short-term agenda and not oriented toward the demands of a regulated business vested with the public interest. The current members of the Nominating Committee are as follows:

Nominating Committee

Harrington Bischoff, John M. Dixon  
Chairman

Arnold L. Steiner                      Charles F. Titterton, Vice-Chairman  
Steven R. Walker

The Compensation Committee assists the Board in fulfilling its responsibility for the oversight of the Company's benefit plans, evaluating the performance of the Company's CEO and other Executive Officers (collectively, the "Executive Officers"), fixing their annual salaries, approving incentive and stock option awards, and reviewing and evaluating any other compensation or benefits. The Committee consults with the CEO as to the performance, compensation and awards of Executive Officers other than the CEO. The Committee is also responsible for reviewing directors' compensation, and does so in consultation with the CEO. The Committee also is required to annually produce a report which is printed below and is subject to an annual performance self-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.

The Committee is composed of seven directors. 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. As part of its function, the Committee has retained an independent compensation consultant, (Frederic W. Cook & Co., Inc.), to review the Company's compensation programs and its procedures for setting compensation for the Company's Executive Officers. The consultant's review in 2006 included a comparison of the compensation and benefit programs of companies similar in size, operation and organization as the Company, including a review of a peer group of companies determined by the Committee to be appropriate for comparison. The Peer Group of Companies is identified in the Compensation Discussion and Analysis ("CD&A") section of this proxy statement. The Committee did not consider it necessary to have the consultant review the Company's compensation and benefit programs during 2007. The current members of the Compensation Committee are as follows:

Compensation Committee

John M. Dixon, Chairman	Arnold L. Steiner
Harrington Bischof	Fredricka Taubitz
John W. Popp	Dennis P. Van Mieghem, Vice-Chairman
Steven R. Walker	

ITEM 2

RATIFICATION OF THE SELECTION OF AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

---

In accordance with its charter, the Audit Committee has selected the firm of PricewaterhouseCoopers, LLP (“PwC”), an independent registered public accounting firm, to be the Company’s auditor for the year 2008. This selection which is subject to a review of the fee proposal and the proposed scope of the audit, has been approved of by the Board of Directors.

As a matter of good corporate governance, the Board of Directors is asking and recommending that the shareholders ratify this selection subject to the Committee’s acceptance of PwC’s fee proposal and the proposed scope of the audit. The Company is not required to take any action as a result of the out-come of the vote on this proposal. However, in the event the shareholders fail to ratify this selection, the Board of Directors and Committee may investigate the reasons for the shareholders rejection and may consider whether to retain PwC or to appoint another auditor. Even if the selection of PwC is ratified, the Board of Directors and Committee at their discretion, may direct the appointment of a different independent registered public accounting firm if they believe that such a change would be in the best interests of the Company and its shareholders.

## Board of Directors' Recommendation Concerning the Ratification of the Selection of an Independent Registered Public Accounting Firm

The Board of Directors recommends a vote FOR the selection of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm, subject to the Audit Committee's approval of that firm's fee and audit scope proposal for 2008. Proxies solicited by the Board of Directors will be voted for the selection of this firm unless shareholders specify to the contrary.

For more than the past five years, the Committee has selected PwC as the Company's independent registered public accounting firm ("independent auditors") to examine its consolidated financial statements. A member of PwC will be invited to attend the Company's Annual Meeting of Shareholders. He or she will be provided with an opportunity to make any statement if so desired, and be available to respond to appropriate questions.

PwC's aggregate fees incurred by the Company for professional services for the past five years are shown below. The Company has been advised that PwC's much greater fees for 2004 through 2007 are primarily reflective of the firm's added work to comply with its interpretation of the requirements imposed by the Sarbanes Oxley Act and the Public Companies Accounting Oversight Board.

Type of Fees	2007	2006(a)	2005	2004	2003
Audit Fees	\$ 3,222,527	\$ 3,994,716	\$ 3,935,418	\$ 6,616,745	\$ 1,772,879
Audit Related Fees (b)	372,152	495,238	569,707	456,184	344,163
Tax Fees	8,481	7,093	8,772	8,199	-
All Other Fees	3,816	3,390	3,000	8,411	8,145
Total	\$ 3,606,976	\$ 4,500,437	\$ 4,516,897	\$ 7,092,539	\$ 2,125,187

(a) The total 2006 fees of \$4,500,437 shown above are \$306,240 higher than previously reported, and reflect final billing adjustments by PwC subsequent to the preparation of the 2007 Proxy Statement.

(b) Includes fees relating to audits of the Company's various benefit plans and actuarial opinions of the Company's loss and loss adjustment expense reserves required by insurance regulations. In 2006 the audits of some of the benefit plans were performed by other auditors for aggregate fees of approximately \$108,000. For 2007, certain actuarial opinions required by insurance regulations were provided by a qualified actuary other than PwC.

The term "Audit Fees" refers to expenses covering (a) professional services rendered by PwC for the audit on the Company's annual financial statements included in the Company's Form 10-K, (b) reviews without audit of financial statements included in the Company's Forms 10-Q, and (c) services normally provided by PwC in connection with statutorily mandated audits of statutory financial statements and regulatory filings. "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". They consisted primarily of fees for independent actuarial opinions required for regulatory purposes on 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. 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 charges for utilizing certain software for the Company's Canadian insurance operations.

The Charter of the Audit Committee requires that it pre-approve all non-audit work by the Company's independent auditors. In determining whether to approve non-audit services, the Committee considers whether the services in question facilitate the performance of the audit, improve the Company's financial reporting process or are otherwise in the Company's and its shareholders' interests. All of the Audit-Related Fees, Tax Fees and All Other Fees billed to the

Company in 2007 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 the other services and products provided by PwC were not incompatible with PwC's independence as the Company's auditors.

PwC has advised the Committee that all of its employees engaged in the Company's audit were its full-time permanent employees, and were independent of the Company.

#### AUDIT COMMITTEE REPORT FOR 2007

---

The following Report of the Audit Committee does 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 by reference therein.

In accordance with its written charter, the Audit Committee ("Committee") assists the Board in fulfilling its oversight responsibilities. While 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. As part of its function, the Committee appointed PricewaterhouseCoopers LLP ("PwC") as the Company's independent auditors for 2007.

The Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. During 2007, the Committee reviewed the interim financial and other information contained in each quarterly report on Form 10-Q filed with the Securities

and Exchange Commission with the Chief Executive Officer, Chief Financial Officer, and the independent auditors prior to its filing. The Annual Report on Form 10-K was similarly reviewed. In addition, the Committee discussed with the independent auditors matters covered by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Committee also received the letter required by Independence Standards Board No. 1 (Independence Discussions with Audit Committees) and discussed such matters with PwC. The Committee also met regularly with the Company's legal counsel to review the status of litigation involving the Company or its subsidiaries and ascertain that the Company complied with applicable laws and regulations.

Following all these discussions and reviews, 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 December 31, 2007.

#### Compensation Committee Report for 2007

---

The following Report of the Compensation Committee 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 Committee met its oversight responsibilities in 2008 by reviewing and discussing with the Company's management the CD&A contained in this proxy statement. Based upon this review and its activities during 2007, the Committee recommended that the CD&A be included in this proxy statement.

#### Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee has 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.

#### Directors' Compensation

Independent directors receive an annual retainer of \$90,000 plus an additional annual fee of \$10,000 for each committee on which they serve. The Lead Director, Mr. Steiner, and the chairmen of the Nominating and Compensation committees, Messrs. Bischof and Dixon, respectively, each receive an additional annual retainer of \$10,000. Mr. Popp as Chairman of the Audit Committee is paid an additional annual retainer of \$15,000. Each of the Committees' Vice-Chairmen receives an additional retainer of \$5,000. Independent directors also serve as directors of regulated subsidiary companies and these fees cover service on such subsidiary boards and related committees. Directors' compensation is reviewed annually, and any changes are recommended by the Compensation Committee, in consultation with the CEO and any independent consultant retained by the Committee for that purpose. The Committee's recommendations are in turn voted upon by the full Board.

Non-employee directors are not currently eligible for stock option awards. Incentive compensation awards, deferred compensation awards or pensions are currently limited to eligible full time employees. Mr. Zucaro as an employee and Executive Officer of the Company has his compensation reported in the Summary Compensation Table shown elsewhere in this proxy statement. Messrs. Dew and Simpson as directors who are non-executive employees have their compensation reported in the Director Compensation table that follows. This table reports their salaries, the value of options awards, cash and deferred compensation awards, the exercise of stock options and the value of perquisites for the year 2007. Other than their participation in a 401(k) program sponsored by Republic Mortgage Insurance Company, ("RMIC"), a subsidiary company, neither Messrs. Dew or Simpson participate in a pension plan sponsored by

the Company or any subsidiary.

The following table lists the compensation paid to each director of the Company. The Company and its subsidiaries, also, either directly pay, or reimburse directors for travel, lodging and related expenses incurred in attending meetings.

Director Compensation Table

(a) Name	(b) Fees Earned Or Paid in Cash	(c) Option Awards	(d) All Other Compensation	(e) Total
Harrington Bischof	\$130,000	-	-	\$130,000
Jimmy A. Dew	- (1)	- (2)	- (3)(5)	-
John M. Dixon	120,000	-	-	120,000
Leo E. Knight, Jr.	96,000	-	-	96,000
John W. Popp	135,000	-	-	135,000
William A. Simpson	- (1)	- (2)	-	-
			(3)(4)(5)	
Arnold L. Steiner	130,000	-	-	130,000
Fredricka Taubitz	110,000	-	-	110,000
Charles F. Titterton	110,000	-	-	110,000
Dennis Van Mieghem	110,000	-	-	110,000
Steven R. Walker	96,000	-	-	96,000

(1) Messrs. Dew and Simpson were not paid any director fees during 2007 but were paid salaries of \$205,600 and \$225,600, respectively, as Vice-Chairman and Chairman, respectively, of RMIC.

- (2) On March 16, 2007, Messrs. Dew and Simpson received employee stock option awards under the Company's Incentive Compensation Plan of 40,000 and 50,000 shares, respectively, valued at \$187,500 and \$234,000, respectively. These options were valued on the basis of the Black-Scholes model. The significant assumptions for this model are set forth in footnote 3 following the Summary Compensation Table.
- (3) No cash and deferred compensation awards were paid to Messrs. Dew or Simpson in 2008 attributable to 2007, as mortgage guaranty operations produced an operating loss.
- (4) During 2007, Mr. Simpson exercised stock options granted in 1998 and 1999 for a total of 140,625 shares, realizing pre-tax gains of \$681,469.
- (5) During 2007, Messrs. Dew and Simpson also received, respectively: (a) matching contributions to the Company's ESSOP and the RMIC 401(k) Profit Sharing Plan of \$1,800 and \$22,000; (b) \$2,591 each in group term life insurance values; (c) \$3,372 and \$4,426 for the RMIC Health reimbursement program; (d) \$9,409 and \$3,480 for club dues; (e) \$9,696 and \$11,286 in personal use value for vehicles supplied to them for Company purposes; (f) and \$23,558 and \$33,484 for interest on deferred balances under the RMIC Key Employee Performance Recognition Plan.

## Compensation Discussion and Analysis

---

### Compensation Philosophy and Objectives

Compensation levels are set to enable the Company to attract and retain key executives and other associates critical to its long-term success. The Company believes that compensation paid to Executive Officers should be closely aligned with the performance of the Company on both a short-term and long-term basis. For compensation purposes, performance is evaluated principally on the basis of achieved returns on equity and growth in operating earnings.

Neither the CEO, CFO, nor other Executive Officers of the Company have employment contracts. Compensation for these persons is set annually by the Compensation Committee of the Board of Directors based either on its sole determination or in consultation with the CEO. The Company does not set any salary, incentive award or stock option targets or conditions for its Executive Officers which will automatically result in salary increases or awards based solely on the achievement of such targets or conditions. Rather, the Company attempts to make the total compensation paid to Executive Officers reflective of the financial performance actually achieved, and reasonably competitive with other companies in the insurance industry and among a peer group of companies in particular. In doing so, the Company does not measure each individual element of compensation against similar elements paid by other companies or its peer group. Nor is any compensation element or the total compensation paid to any executive based solely on comparisons with other companies or their executives. Even so, the Company believes the total compensation paid to its Executive Officers is within a median range. The companies Old Republic considers as members of its peer group for 2007 are: Ace Limited, American Financial Group, Inc., The Chubb Corporation, Cincinnati Financial Corporation, First American Corporation, Land America Financial Group, MGIC Investment Corporation, Markel Corporation, PMI Group, Inc., SAFECO Corporation, St. Paul Travelers Companies, Inc. and XL Capital Ltd.

### Executive Behavior Considered when Making Compensation Decisions

The Company rewards behavior which the Compensation Committee believes will lead to both short-term and long-term success. The Committee evaluates the Company's CEO performance and compensation in the context of the following factors:

- Vision and planning for the Company's future, principally on a long-term basis;
- Strategies implemented to realize these plans;
- Leadership qualities;
- Judgment in making decisions regarding his plans and general management of the Company's affairs;
- Commitment to achieving goals, especially when faced with adversity;

Ability in setting and promoting the best interests of the Company's shareholders, the beneficiaries of its subsidiaries' insurance policies, and those of other stakeholders;

Adherence to high ethical standards that promote and protect the Company's good name and reputation.

No particular component is given any greater weight than another. Rather, each Compensation Committee member subjectively reviews these characteristics in the aggregate and exercises his or her best business judgment in reaching conclusions. The Committee evaluates the other Executive Officers' performance and compensation in consultation with the CEO and in the context of the above noted factors.

#### Elements of Compensation and the Factors and Rationale in Determining Compensation Amounts

The compensation paid by the Company to its CEO and other Executive Officers is usually composed of the following basic elements:

Annual Salary;

Incentive awards including both cash and deferred amounts;

Stock option awards; and

Other benefits.

#### Annual Salary

The Company's objective in establishing annual salaries is to set them at amounts which:

- 1) Are reasonably competitive in the context of prevailing salary scales in the insurance industry; and
- 2) Provide a fixed, reasonable source of annual income for each executive position.

The primary factors, considered in varying degrees, in setting annual salaries are:

Business size and complexity of the operations with which the executive is associated;

The executive's level of responsibility and experience;



The success of the executive's business unit and evaluation of his or her contribution to that success.

When making these evaluations prevailing salary scales in the insurance industry, the annual consumer price index, trends in salary levels in published or private compilations and reports, and data contained in the proxy statements of publicly held insurance organizations are taken into account. No formula, set benchmark or matrix is used in determining annual salary adjustments. The decision regarding each Executive Officer is subjectively based upon all of the above factors, with the Compensation Committee members exercising their business judgment in consultation with the CEO, as to Executive Officers other than the CEO himself. The Company believes its annual salary compensation level for Executive Officers is near the median for the insurance industry and its peer group.

The salaries of the Executive Officers are reviewed on an annual basis during the first quarter of the year, and concurrently with a promotion or other change in responsibilities. Prior compensation, prior cash and/or deferred incentive awards, or prior gains from the exercise of stock options are not taken into account when setting current annual salaries for the CEO, CFO and other Executive Officers of the Company. The Committee attempts to balance salary levels with the other compensation paid these individuals so that their entire compensation package is constructed in relationship to their performance and duties.

#### Incentive Awards

The Company uses incentive awards, comprised of both cash and deferred amounts. These awards are intended to afford eligible Executive Officers and certain key employees, an opportunity and incentive to increase their compensation. The objective of this program is to reward both Executive Officers and key associates for the successful financial performance of the Company and the individual subsidiaries or operating centers with which they are associated. In making its judgment on these matters, the Committee considers how shareholder interests have been enhanced by focusing mainly on return on equity and growth in operating earnings.

The performance of the Company is generally evaluated over annual and consecutive three-and five-year time frames. Incentive awards are not restricted to the CEO, CFO and other Executive Officers. Rather, they are usually widely distributed to a significant number of executive and key employees associated with the Company and many of its subsidiaries. Through 2006 the awards provided for an immediate cash payment of 50%, with the balance of 50% being deferred. Beginning in 2007, the first \$25,000 of awards are paid in cash and any award in excess thereof is split 50% between cash and deferred amounts. Mr. Yeager's awards are 100% cash in consideration of the general practices in the title insurance industry.

Total awards under the Company's Incentive Compensation Plan are based on the size of a performance recognition pool. The method of determining the size of the pool, vesting of deferred awards, and the payment of deferred amounts are discussed under "Performance Recognition Plans" shown elsewhere in this proxy statement. When making evaluations regarding incentive awards from the pool available for that purpose, no formula, set benchmark or matrix is used. The Compensation Committee consults with the CEO and bases awards on its evaluation of eligible associates' performance, long term contribution to the Company's success, and the attainment of the basic financial goals noted above. These decisions are subjectively made by the Compensation Committee with regard to each individual and reflect the business judgment of each of the individual Committee members.

Incentive awards are typically granted annually during the first quarter of the year to eligible employees who are employed as of the award date. This follows the receipt of independent auditors' reports on the financial statements of the preceding year, and an evaluation of any pertinent and significant post balance sheet events and business trends.

#### Stock Options

The Company believes that its CEO, CFO, Executive Officers, and other Company employees, who make a substantial contribution to long-term performance, should have an equity interest in the Company. To this end, the Company maintains a non-qualified stock option plan. The objective of the plan is to encourage:

- 1) an alignment of stockholder and employee interests,
- 2) employee efforts to grow shareholder value, and
- 3) a long-term commitment to the Company by participating employees.

Accordingly, stock option grants have not been limited solely to the CEO, CFO and Executive Officers. Rather, they have been widely distributed to many of the Company's key associates. About 480 employees, or approximately 8.1% of all employees, received such awards during 2007. The factors considered when making stock option awards include:

the achievements of the individual,  
the overall performance of the Company,  
the anticipated contributions of awardees to the Company's future success.

No formula, set benchmark or matrix is used in determining stock option awards. The relative significance of the above factors with respect to awards granted to the CEO, CFO and other Executive Officers is determined subjectively by the Committee using its business judgment, and in consultation with the CEO. The aggregate number of option shares granted over the past five years to all employees, including the CEO, CFO and the other Executive Officers of the Company has ranged from 0.9% to 1.1% of the then outstanding Common Stock of the Company. The aggregate value, determined from application of the Black-Scholes option valuation model, of each of the annual option grants for the past five years has ranged from approximately 1.31% to 2.07%, and has averaged 1.67% of the Company's pretax income. Additional information regarding the Company's option plan is contained in the Stock Options section shown elsewhere in this proxy statement.

Option awards are made once a year, usually during the first quarter following receipt of the independent auditors' report on the financial statement for the preceding year. The Compensation Committee approves the total pool of option shares and the options granted to the CEO, CFO, and a number of the most senior executives of the Company and its subsidiaries. The options' strike price, based on the then current market price of the Company's Common Stock, is set concurrently. When making these awards the other sources of compensation for the participant, such as base salary and any other incentive awards, are taken into account so as to achieve a reasonable balance of cash and future income or value. The grant of options and their strike price are not linked to any Company action such as the release of earnings and have typically occurred during March of each year.

#### Other Benefits

The Company's philosophy on compensation does not encompass the disbursement of significant values by way of perquisites or personal benefits to its Executive Officers and other associates. Such benefits as are in fact provided include the personal value attributed to the use of Company supplied automobiles, the personal value of club memberships, and the value of personal meals. The value of these benefits to the CEO, CFO and other listed Executive Officers are shown in the "All Other Compensation" column of the Summary Compensation Table shown elsewhere in this proxy statement. The Company and most of its subsidiaries provide other employment benefits that are generally available to most other employees and include: 401(k) and profit sharing plans based on each subsidiary's or operating unit's profitability; group life insurance plans; group health insurance plans; paid holidays and vacations.

The Company also maintains pension plans for various subsidiaries. However, these plans have been closed to new entrants since December 31, 2004. Further, the Company maintains two Excess Benefit Plans designed to supplement the pensions of certain Executive Officers whose pension benefits were restricted by law. These Excess Benefit Plans have also been closed to new entrants since December 31, 2004. The only Executive Officers who are beneficiaries of these Excess Benefit Plans are Messrs, LeRoy and Zucaro. Additional information regarding the Company's Pension Benefit Plans and Excess Benefit Plans are contained in the Pension Plans section shown elsewhere in this proxy statement.

#### Change of Control, Severance or Retirement

None of the Executive Officers have employment contracts, and all are considered "at-will" employees of the Company. Further, the Company has no change of control or severance agreements such as "golden parachutes" in place for any of its Executive Officers. However, the benefit plans referred to above would be affected, in limited ways, by a change of control of the Company. Such an event would not result in additional compensation or benefits being paid to any Executive Officer or employee for the Company. Rather, the effect would be to accelerate the vesting of benefits under these plans and require the immediate payment of all deferred balances under the Company's Performance Recognition Plans.

The above notwithstanding, the Company and its Board of Directors retain the right to enter into employment contracts or institute golden parachute and similar benefits for a number of its executives and other key associates immediately and at any time as circumstances may warrant to protect the Company's business interests. There is no assurance, however, that any of the selected executives would agree to such contracts.

#### Financial Restatement

The Company has adopted a policy that it will, to the extent permitted by law, attempt to recover bonuses, deferred compensation and stock option awards made to Executive Officers where such awards were predicated upon financial results that were subsequently the subject of a restatement resulting from any benefiting executive's illegal or fraudulent actions. Where applicable, the Company will seek to recover any amount determined to have been inappropriately received by the individual executive.

#### Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, places a limit of \$1,000,000 on the amount of compensation that the Company may deduct in any one year with respect to each of its five most highly paid Executive Officers. There is an exception to the \$1,000,000 limitation for performance-based compensation meeting certain requirements. Annual cash incentive compensation and stock option awards generally are performance-based compensation meeting those requirements and, as such, are fully deductible. In light of the above rule, the Company has not adopted any policy with respect to compensation in excess of \$1,000,000 being paid to Executive Officers.

#### Compensation Consultant

In conjunction with the discharge of its responsibilities the Compensation Committee may from time to time retain an independent compensation consultant. The Committee last deemed it necessary to retain such a consultant in 2006. At that time, the consultant, Frederic W. Cook & Co., Inc., reviewed the directors' compensation and the compensation elements of the CEO, CFO and other Executive Officers of the Company. The consultant provided updated information relative to the executive compensation of peer group companies, and reviewed the Compensation Committee procedures and the factors the Company evaluated in determining compensation.

#### Stock Ownership Guidelines

The Company encourages all its employees to own Company stock directly or through employee benefit plans such as its 401(k) ESSOP. All of its senior Executive Officers and directors own shares of the Company's stock. The Table on page 2 shows the nature and amount of such holdings.

In 2006, the Company formalized an equity ownership policy for its directors and senior officers. Pursuant to this policy directors are required to acquire holdings in the Company's Common Stock with a value of at least \$250,000. This policy allows new directors three years during which to acquire such ownership with the valuation of such stock based upon the greater of current market value attained at any point in time or the original acquisition cost. As applicable, existing directors were given through year end 2008 to increase their holdings in the Company's Common Stock to aggregate such amount.

As of year end 2007, all of the Company's directors had holdings in excess of this requirement.

For the most senior officers of the Company, the recommended value of Common Stock ownership is based upon the following multiples of the officer's base salary:

CEO of the Company	6 times
President of the Company	4 times
Other senior officers of the Company and senior officers of subsidiaries with allocated capital in excess of \$50 million	3 times
Senior officers of subsidiaries with allocated capital of less than \$50 million	1.5 times

The value of all shares of Company Common Stock owned directly or held in employee benefit accounts by such officers together with the value of deferred compensation accounts are considered in meeting these objectives. Newly elected senior officers have five years to meet the pertinent requirement. Senior officers who have been associated with the Company for fewer than three years have until year end 2011 to meet the applicable requirement. Senior officers who have been affiliated with the Company for more than three years have until year end 2009 to meet the applicable requirement. Senior officers who are promoted to a position that suggests additional ownership of the Company's Common Stock have three years from such promotion to meet the applicable requirement.

#### March 2008 Compensation Committee Annual Meeting

The Compensation Committee met as scheduled on March 19, 2008, for its annual review of compensation matters. In anticipation of that meeting, the Company's CEO advised that a number of its most senior executives expected to waive consideration of any significant bonus or other material addition to their current compensation package as the Committee might otherwise consider in its 2008 annual review. The executives' assertion was made in light of the reduced 2007 performance of two major Old Republic segments and its effect on the Company's consolidated results for the year. The executives are Jimmy Dew (Vice Chairman, Mortgage Guaranty Companies), James Kellogg (the Corporation's President), Christopher Nard (CEO, Mortgage Guaranty Companies), William Simpson (Chairman, Mortgage Guaranty Companies), Rande Yeager (CEO, Title Companies), and Aldo Zucaro (the Corporation's CEO). As a result of its deliberations and consideration of the noted assertion, the Committee reached the following conclusions:

1. It approved system-wide annual salary review guidelines, including increases in the base annual salaries of Messrs. Nard and Yeager.
2. It approved cash and/or deferred additional bonuses outside of formula-driven calculations for eligible employees under the Old Republic Key Employees Performance Recognition Plan ("KEPRP"), as well as for several Mortgage Guaranty bonus and profit sharing plans. The additional and total awards granted pursuant to these as well as other segments' profit sharing awards were as follows:

	(\$ in Thousands)			
	ORI KEPRP	General Group Plans	Mortgage Guaranty Plans	Title Plans
Awards within formula provisions	\$226.8	\$11,897.5	\$3,030.2	\$1,751.0
Additional awards outside formula provisions	1,148.2	-	902.4	-
Total awards 2008	\$1,375.0	\$11,897.5	\$3,932.6	\$1,751.0
Total awards 2007	\$1,917.3	\$10,653.3	\$11,985.2	\$4,969.6

(\*) Amounts in the above table are exclusive of Old Republic's system-wide 401(k) ESSOP Plan costs and those of other 401(k) plans not necessarily related to earnings growth and return on equity objectives.

In deviating from formula-driven plan calculations for 2008, the Compensation Committee consulted with the Company's CEO and President relative to such matters as the long term performance, intellectual capital, and expected future contributions of eligible employees, as well as the extremely negative market conditions in certain of the Company's business segments, and rested on its business judgment in reaching its conclusions on the awarded amounts. The above noted senior executives received no 2008 awards under any of these plans other than small formula-driven interest additions to prior years' accumulated deferred balances (reflected in column (d) of the Summary Compensation Table which follows).

3. It approved awards of options on 1,500,000 shares valued, pursuant to the Black Sholes methodology, at approximately \$1,763,044 as of the award date. Except for Messrs. Nard and Yeager who were granted options on 100,000 and 30,000 shares, respectively, none of the other four senior executives named above received any options.
4. It also approved the 2008 matching contribution percentages for the Company's 401(k) ESSOP, the minimum required return on equity percentage applicable to all profit sharing plans (5.91% for 2008 vs. 5.93% for 2007), and the peer group companies utilized in the five year comparative stock performance chart included under Part II, Item 5 of Old Republic's Annual Report on Form 10-K.

To the extent applicable, the above awards are reflected in column (d) of the Summary Compensation Table which follows, and in the Stock Options section which in turn follows the latter table.

The compensation packages of Messrs. Zucaro, Mueller, Kellogg, and LeRoy are based on the positions they hold in the management of the Company's overall business and its consolidated results. Mr. Nard's compensation is driven principally by results of the Old Republic Mortgage Guaranty business, that of Mr. Rager's is principally based on the results of the Old Republic General Insurance Group, and that of Mr. Yeager by the results achieved by the Old Republic Title Insurance segment. See "Performance Recognition Plans" for a summary of each segment's results for the three years ended December 31, 2005 to 2007.

## Summary Compensation Table

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name and Principal Positions	Year	Salary (1)	Bonus (2)	Option Awards(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	All Other (5) Compensation	Total (\$)
Aldo C. Zucaro Chairman & Chief Executive Officer	2007	\$767,813	\$38,090	\$936,000	\$343,737	\$17,719	\$2,103,359
	2006	741,146	726,019	1,528,800	283,680	20,237	3,299,882
Karl W. Mueller Senior Vice President & Chief Financial Officer	2007	358,333	190,927	109,313	11,232	7,527	677,332
	2006	341,667	266,934	68,860	15,044	9,941	702,446
James A. Kellogg President & Chief Operating Officer	2007	467,400	18,632	157,783	(5,968)	13,402	651,249
	2006	413,233	449,186	98,344	104,700	17,737	1,083,200
Spencer LeRoy III Senior Vice President, Secretary & General Counsel	2007	408,496	250,304	336,960	57,445	11,843	1,065,048
	2006	400,163	344,944	349,440	130,616	12,122	1,237,285
Christopher S. Nard Senior Vice President - Mortgage Guaranty	2007	351,833	31,702	252,323	-	33,521(6)	669,379
	2006	343,500	784,135	262,815	-	36,138(6)	1,426,588
R. Scott Rager Senior Vice President - General Insurance	2007	374,500	486,440	257,400	-	487,109(7)	1,605,449
	2006	294,583	430,770	256,620	-	5,982	987,955
Rande K. Yeager Senior Vice President- Title Insurance	2007	299,383	-	23,400	26,509	9,550	358,842
	2006	284,450	500,000	81,900	74,460	10,260	951,070

(1) Effective January 1, 2007, no employee of the Company or any of its subsidiaries have received any director fees for attending Board meetings of the Company or any of its subsidiaries. In the above table, each officer's salary includes the following amount of director fees for 2006: Aldo C. Zucaro \$51,146; Karl W. Mueller \$0; James A. Kellogg \$7,400; Spencer LeRoy, III \$8,496; Christopher S. Nard \$13,500; R. Scott Rager \$0; Rande K. Yeager \$5,700.

(2) Includes the combined cash and deferred incentive compensation awards granted under the Company's Incentive Compensation Plans or any similar plans maintained by subsidiaries of the Company. In this table, both the cash and deferred portions are attributed to the year on which the award was based, even though the award was granted in the following calendar year. Prior to 2007, these awards were split 50% each into cash and deferred amounts,

except as to Mr. Yeager whose awards were and continue to be 100% cash. For 2007, the first \$25,000 was paid in cash and the balance was split 50% each into cash and deferred amounts. The deferred amounts included in this column are usually not payable before the person retires at 55 years of age or later. Beginning in 2007, the deferred portions accrue interest for awards made in 2005 and subsequent. For awards made prior to 2004 a multiplier may apply. (See the Performance Recognition Plans section shown elsewhere in this proxy statement.) The deferred amounts included in this column are shown without a present value discount.

- (3) The value of options is calculated pursuant to the Black-Scholes model which is also utilized in expensing stock option awards in the Company's financial statements. The option values represent the estimated present value as of the date options were granted. Accordingly, the option awards included under this column were granted as shown in 2006 and 2007, and reflect, among other factors previously noted, an evaluation of earning trends and returns on equity for 2005 and 2006, respectively.

The significant facts and assumptions incorporated in the Black-Scholes model in estimating the value of the options include the following:

- a) Options are issued with an exercise price equal to the fair market value of stock at the close of trading on the business day immediately preceding the date of grant.
- b) The term of each option is 10 years (unless such terms are otherwise shortened or forfeited due to termination of employment) but it is assumed that these executives would hold these options for 8 years.
- c) Interest rates of 4.494% and 5.095% were used for the 2007 and 2006 awards, respectively. Such rate was the interest rate on U.S. Treasury securities on the date of grant with a maturity date corresponding to that of the expected option life.
- d) Expected volatilities of 23.9% and 26.6% were used for the 2007 and 2006 awards, respectively. This percentage was calculated using daily stock prices for the period prior to the grant date corresponding with the expected option life.
- e) Expected annual dividend yields of 3.675% and 3.538% were used for the 2007 and 2006 awards, respectively.

The ultimate value of the options will depend on the future market price of the Company's Common Stock which cannot be forecasted with reasonable accuracy. The actual value, if any, that an optionee may realize upon exercise of an option will depend on the excess of the market value over the strike price on the date the option is exercised. Pursuant to applicable accounting rules, the amounts shown equals that portion of the current years' and prior years' grants that vested and were recognized in the Company's consolidated financial statements during the listed year. As Messrs. Zucaro, LeRoy, Rager and Yeager would be considered fully vested based on their ages and years of service in the event of their retirement, the full value of the options granted to them is listed. For Messrs. Kellogg, Mueller and Nard the value shown represents the listed year compensation cost attributable to the current year's award that is vested plus the amount vested in the listed year for awards made in prior years. The full value of the awards subject to vesting, made in 2006 and 2007, respectively, for Messrs. Kellogg, Mueller and Nard were \$327,600 and \$397,800, \$191,100 and \$177,840 and \$409,500 and \$280,800. The following section captioned "Stock Options" provides additional information concerning the vesting of stock options.



- (4) Represents the aggregate change in the actuarial present value of the accumulated benefits under all defined benefit and actuarial pension plans (including supplemental plans) for 2007. The Company does not have any non-qualified deferred compensation plans that credit above market or preferential earnings to participants.
- (5) Includes the Company's matching contribution to the officers' ESSOP account of \$1,800 and \$4,950 for the years 2007 and 2006, respectively;; the value of the Company's group term life insurance plan treated as income; the value of the personal use of a supplied vehicle; and the personal value of meals and club dues incurred for Company business as shown below for the years 2007 and 2006:

	Value of Term Life		Value of Vehicles		Value of Meals & Club Dues	
	2007	2006	2007	2006	2007	2006
Aldo C. Zucaro	\$9,753	\$9,754	-	-	\$6,166	\$5,533
Karl W. Mueller	810	810	-	-	4,917	4,181
J a m e s A . Kellogg	2,322		\$7,801		1,479	
Spencer LeRoy, III	3,564	1,782		\$7,709	6,479	3,296
Christopher S. Nard	204	3,564	-	-	5,220	3,608
R. Scott Rager	947	204	-	-	-	4,687
Rande K. Yeager	1,290	1,032	-	-	-	-
		1,290	6,460	4,020	-	-

- (6) Includes \$22,000 as the vested amount accrued under the RMIC Profit Sharing Plan for 2006 and 2007, respectively, and the amount attributed to a health program available to RMIC employees of \$4,297 for 2006 and for 2007, respectively.
- (7) Includes a \$400,000 relocation bonus and \$84,362 in relocation expenses paid to Mr. Rager in connection with his move to the Company's Chicago executive offices in 2007.

### Stock Options

As previously noted, the Company maintains a non-qualified stock option plan for key employees of the Company and its participating subsidiaries. The current Plan was approved by the Company's shareholders in 2006 and replaced a similar non-qualified stock option plans that had been in place for more than twenty-five years. The decision to award stock options pursuant to the Plan and the factors that contribute to the amount of such awards are set forth in the Compensation and Discussion and Analysis section.

The sum of option awards issued, when added to then outstanding options, may not be greater than 9% of the number of common shares issued and outstanding as of the end of the month immediately preceding the date of the awards.

The following table sets forth certain information regarding options to purchase shares of Common Stock granted in 2007 to the Executive Officers listed in the Summary Compensation Table:

Name	Grant Date	Grants of Plan-Based Awards/2007		Exercise or Base Price of Option Awards	Grant Date Fair Value of Option Award
		Underlying Options	All Other Option Awards: Number of Securities		
Aldo C. Zucaro	3/16/07	200,000		\$21.77	\$ 936,000

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

Karl W. Mueller	3/16/07	38,000	21.77	177,840
James A. Kellogg	3/16/07	85,000	21.77	397,800
Spencer LeRoy, III	3/16/07	72,000	21.77	336,960
Christopher S. Nard	3/16/07	60,000	21.77	280,800
R. Scott Rager	3/16/07	55,000	21.77	257,400
Rande K. Yeager	3/16/07	5,000	21.77	23,400

The table which follows reflects related information emanating from the Compensation Committee's meeting in March 2008:

Name	Grant Date	Grants of Plan-Based Awards/2008			Grant Date Fair Value of Option Award
		Underlying Options	All Other Option Awards: Number of Securities	Exercise or Base Price of Option Awards	
Aldo C. Zucaro	-	-	-	-	-
Karl W. Mueller	3/19/08	25,000	-	\$12.95	\$ 38,000
James A. Kellogg	-	-	-	-	-
Spencer LeRoy, III	3/19/08	52,500	-	12.95	79,800
Christopher S. Nard	3/19/08	100,000	-	12.95	152,000
R. Scott Rager	3/19/08	37,500	-	12.95	57,000
Rande K. Yeager	3/19/08	30,000	-	12.95	45,600

In addition to the above senior executives, neither Messrs. Dew nor Simpson was granted option awards in 2008.

The purchase price per share of Common Stock subject to an option is fixed by the Compensation Committee. 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 Common Stock.

The term of each option may not exceed 10 years from the date of grant. Options may be exercised in accordance with the following vesting schedule: 10% at the end of the year of 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 they are 100% vested. If the optionee dies, retires in good standing, after age 57, or becomes disabled, vesting acceleration occurs as indicated below.

Under the Company's prior option plan, except for the grant made in 2002, which used an amended vesting schedule similar 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 Compensation Committee for the option. The vesting acceleration price was established by the Compensation 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 150% of the book value per Common Share as of the then most recent year end. The vesting acceleration price provision was eliminated for options granted after 2003; all option shares granted to Executive Officers prior to 2004 are now fully vested.

Under all Option Plans, a change in control of the Company or the death, disability or retirement, in good standing, of an optionee after age 57, accelerates vesting to the extent of the higher of 10% of the shares covered for each year of service by the optionee or the actual vested percentage plus 50% of the unvested remaining shares.

The following table sets forth certain information regarding options to purchase shares of Common Stock exercised during 2007 by the Executive Officers named in the Summary Compensation Table:

#### Exercises of Stock Options During 2007

Name (a)	Option Awards	
	Number of Shares Acquired on Exercise (b)	Value Realized on Exercise (c)
Aldo C. Zucaro	210,938	\$569,533
Karl W. Mueller	-	-
James A. Kellogg	-	-
Spencer LeRoy, III	-	-
Christopher S. Nard	-	-
R. Scott Rager	-	-
Rande K. Yeager	8,438	57,885

#### Equity Compensation Plan Information

The following tables set forth certain information regarding securities authorized for issuance under equity compensation plans as of year end 2007 and as of the first quarter of 2008. The Company only has equity compensation plans that have been approved by the Company's shareholders.

#### Equity Compensation Plan Status as of Year End 2007

Number of securities to be issued upon exercise	Weighted-average exercise price of	Number of securities remaining available for future issuance under equity compensation plans (excluding securities
of outstanding options, warrants		

Plan Category	and rights (a)	outstanding options, warrants and rights (b)	reflected in column (a) (c)
Equity compensation plans approved by security holders	14,570,577	\$18.12	6,171,924
Equity compensation plans not approved by security holders	-	-	-
Total	14,570,577	\$18.12	6,171,924

## Equity Compensation Plan Status as of March 31, 2008

---

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	15,533,563	\$17.71	5,210,549
Equity compensation plans not approved by security holders	-	-	-
Total	15,533,563	\$17.71	5,210,549

Note: At year end 2007, and as of March 31, 2008, the aggregate number of shares subject to outstanding options under all Company sponsored plans and grants could not exceed 9% of the Company's outstanding Common Stock, as of these dates. The table as of March 31, 2008, reflects the options granted by the Compensation Committee on March 19, 2008, as well as the options that were exercised and/or expired during the first quarter of 2008.

The following table sets forth information regarding the unexercised options held by the persons listed in the Summary Compensation Table. This table shows the option exercise price for each exercisable and unexercisable option held by each individual and the date upon which each option expires.

Outstanding Equity Awards at Fiscal Year-end 2007

Name	Number of Securities		Option Exercise Price	Option Expiration Date
	Underlying Unexercised Options Exercisable	Underlying Unexercised Options Unexercisable		
Aldo C. Zucaro	300,000	-	\$14.36	03/21/11
	318,750	-	16.86	03/20/12
	346,875	-	14.37	03/19/13
	242,813	104,062	19.32	03/09/14
	50,625	61,875	18.41	04/11/15
	70,000	210,000	21.48	05/26/16
	20,000	180,000	21.77	03/13/17
Karl W. Mueller	26,250	11,250	20.02	03/09/14
	5,625	6,875	18.41	04/11/15
	8,750	26,250	21.48	05/26/16
	3,800	34,200	21.77	03/13/17
James A. Kellogg	3,375	-	15.49	03/11/08
	3,750	-	10.40	03/11/09
	4,219	-	6.40	03/22/10
	6,563	-	14.36	03/21/11
	7,500	-	16.86	03/20/12
	9,375	-	14.37	03/19/13
	17,625	7,375	19.32	03/09/14
	16,875	20,625	18.41	04/11/15
	15,000	45,000	21.48	05/26/16
8,500	76,500	21.77	03/13/17	
Spencer LeRoy, III	35,156	-	15.49	03/11/08
	37,500	-	10.40	03/11/09
	30,000	-	6.40	03/22/10
	46,875	-	14.36	03/21/11
	46,875	-	16.86	03/20/12
	51,563	-	14.37	03/19/13
	43,750	18,750	19.32	03/09/14
	28,125	34,375	18.41	04/11/15
	16,000	48,000	21.48	05/26/16
	7,200	64,800	21.77	03/13/17

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

Christopher S. Nard	25,313	-	15.49	03/11/08
	30,000	-	10.40	03/11/09
	28,125	-	6.40	03/22/10
	65,625	-	14.36	03/21/11
	56,250	-	16.86	03/20/12
	75,000	-	14.37	03/19/13
	52,500	22,500	19.32	03/09/14
	23,906	29,219	18.41	04/11/15
	18,750	56,250	21.48	05/26/16
	6,000	54,000	21.77	03/13/17
R. Scott Rager	3,375	-	10.40	03/11/09
	15,000	-	16.86	03/20/12
	19,250	8,250	19.32	03/09/14
	12,938	15,813	18.41	04/11/15
	11,750	35,250	21.48	05/26/16
	5,500	49,500	21.77	03/13/17
Rande K. Yeager	14,063	-	16.86	03/19/13
	13,125	5,625	19.32	03/09/14
	6,188	7,563	18.41	04/11/15
	3,750	11,250	21.48	05/26/16
	500	4,500	21.77	03/13/17

## Performance Recognition Plans

Under the Company's current Key Employee Performance Recognition Plan (KEPRP), which is similar to its former plan, 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 Compensation Committee in consultation with the CEO. The Compensation Committee makes the sole determination with regard to the CEO's performance, eligibility and award from the pool, after deducting any pertinent earnings multiplier therefrom. The CEO then recommends the allocation of the balance of the pool to participants in the plan. 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 Compensation 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 Compensation Committee's evaluation of all such factors is subjective and based on the business judgment of its members.

Each year's pool amount takes into account pre-established objectives approved by the Compensation Committee for return on equity and year over year growth in earnings. Calculation of the pool is made 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. For 2007 and 2006, the minimum returns so calculated were 5.93% and 6.10%, respectively. 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.

Prior to 2007, there was an immediate payment in cash of 50% of any award as well as 50% of the multiplier factor applied to the deferred balances of prior years' participants; the balance of the award was deferred and vested at the rate of 10% per year of participation. Beginning in 2007, the first \$25,000 of any award, including any multiplier applied to a deferred balance, is paid in cash. For awards in excess of that amount, 50% of the excess is paid in cash and 50% is deferred. The deferred balance, if any, will be credited with interest at a rate approved annually by the Compensation Committee. Pursuant to the terms of the plan, participants become vested in their deferred account balances upon total and permanent disability, death, upon the earlier of attaining age 55 or being employed for 10 years after first becoming eligible or upon a change of control of the Company. Benefits are payable in a set number of equal installments, beginning no earlier than age 55 following termination of employment, death, disability, retirement or a change of control of the Company. Distributions for Executive Officers can begin no earlier than six months following their termination from service.

In addition to the KEPRP, the Company also maintains a number of separate plans for several individual sub-sidiaries or operating centers. Such plans provide for the achievement of certain financial results and objectives as to each such subsidiary or operating center. Each of these plans operates in the same basic fashion as the Company's Plan. The pools for each plan are also 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 similar cash and deferred element, except for a few separate plans used for transaction-driven businesses, such as title insurance, which have historically been cash basis plans only.

The 2007 and 2006 awards shown in the “Bonus” column of the preceding Summary Compensation Table were approved by the Compensation Committee following a review of the tangible factors cited at (a), (b), and (c) in the second paragraph of this section. The awards for Messrs. Zucaro, Mueller, Kellogg, and LeRoy are granted from pools calculated on the basis of Old Republic’s consolidated earnings and returns on equity. Those for Messrs. Rager, Nard, and Yeager, are based on results of General, Mortgage Guaranty, and Title insurance subsidiaries, respectively. Net operating income for those segments for the past three years were as follows:

		(\$ in Millions)	
	2007	2006	2005
Net Operating Income (Loss):			
General	\$291.5	\$278.4	\$287.1
Mortgage Guaranty	(66.4)	153.1	162.6
Title	(8.3)	21.1	58.6
Corporate and Other (*)	9.9	(0.2)	(0.8)
Total	226.7	452.4	509.1
Net realized gains	45.7	12.4	42.3
Net income	\$274.4	\$464.8	\$551.4

(\*) Including consolidation adjustments

The following table sets forth certain information regarding non-qualified deferred compensation awards made to the persons listed in the Summary Compensation Table and shows the proforma balances of such accounts as of December 31, 2007. The individuals listed had no discretion as to whether they wished to defer any awards made to them by the Company and were not permitted to voluntarily make contributions of their own to the Company’s KEPRP. The amounts shown as contributed to the named persons’ accounts for 2007 were based upon their performance for that year even though the award itself was made after year end following the receipt of the independent auditors’ reports on the financial statements of the Company, review of any significant post balance sheet events and their continued employment. Similarly, the amount earned on prior year balances and the aggregate balances for these persons are presented as of the date coincident with the calculation and making of the award in mid-March 2008.



## NONQUALIFIED DEFERRED COMPENSATION

Name	Registrant Contributions	Aggregate Earnings for 2007	Aggregate Balance for 2007
Aldo C. Zucaro	-	\$38,090	\$6,571,683
Karl W. Mueller	\$ 77,500	10,927	451,439
James A. Kellogg	-	18,632	1,450,589
Spencer LeRoy, III	105,000	15,304	1,699,152
Christopher S. Nard	-	31,702	2,170,311
R. Scott Rager	225,000	11,567	1,539,894
Rande K. Yeager	-	-	-

## Pension Plans

The Company maintains the Old Republic International Corporation Salaried Employees Restated Retirement Plan ("ORI Employees Retirement Plan" or "Company Plan") for eligible employees and those of participating subsidiaries who had been employed through year end, 2004. Persons whose employment commenced on or after January 1, 2005 are no longer eligible to participate in the Company Plan but may participate in the Company's 401(k) ESSOP. The Company Plan, which is non-contributory, 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 include base salary and commissions, but exclude cash and deferred incentive compensation awards granted under the Company's KEPRP or the Company's former KEPRP.

The Company also maintains the Old Republic International Corporation Executive's Excess Benefit Plan ("ORI Excess Benefit Plan") to provide certain key executives with pension benefits in excess of those provided by the Company Plan. The ORI Excess Benefit Plan is administered by the Compensation Committee of the Board of Directors, which selects the employees to participate in this plan from those who are participants in the Company Plan. Messrs. Zucaro and LeRoy are the only approved Executive Officers who qualified for participation under the ORI Excess Benefit Plan as this plan was also terminated relative to any additional participants as of December 31, 2004.

Employees of the Old Republic National Title Group ("ORNTG") who had been employed through year end 2003, participate in the Old Republic National Title Group 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, and 1.75% of the amount in excess of that level, times the participant's years of credited service limited to a maximum of 30 years. Employees who joined ORNTG on or after January 1, 2004 are ineligible to participate in the ORNTG's Plan but may be eligible to participate in the Company's 401(k) ESSOP.

Mr. Nard did not participate in the Company Plan because employees of Republic Mortgage Insurance Company (RMIC) participate in the RMIC Profit-Sharing Plan instead of the Company Plan. Likewise, Mr. Rager did not participate in the Company Plan because employees of Great West Casualty Corporation participate in the Great West Casualty Profit Sharing Plan instead of the Company Plan. Both of those plans are described in following sections.

The following table sets forth the present value of the estimated annual benefits payable under the Company Plan to an employee:

## PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit (1)	Payments During Last Fiscal Year
Aldo C. Zucaro	ORI Employees Retirement Plan	30.4	\$1,107,227	-
	ORI Excess Benefit Plan	30.4	2,427,698	-
Karl W. Mueller	ORI Employees Retirement Plan	2.3	29,525	-
James A. Kellogg	ORI Employees Retirement Plan	29.8	629,529	-
Spencer LeRoy, III	ORI Employees Retirement Plan	14.5	424,975	-
	ORI Excess Benefit Plan	14.5	325,478	-
Christopher S. Nard	None	-	-	-
R. Scott Rager	None	-	-	-
Rande K. Yeager	ORNT Group Pension Plan	20.3	508,190	-

(1) The present value of accumulated benefits payable following assumed retirement is calculated using interest and mortality assumptions consistent with those used for financial reporting purposes with respect to the companies' audited financial statements. No discount is assumed for separation prior to retirement due to death, disability or termination of employment. The amount shown is based upon accrued service through 2007.

#### Employees Savings and Stock Ownership Plan

Under the Company's 401(k) qualified ESSOP, 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. Employees' contributions are invested, at the employees' direction, in a number of publicly traded mutual funds and employees may elect to purchase the Company's Common Stock as an investment option. Employer contributions are invested exclusively in the stock of the Company. Prior to 2007 employees over age 55 and with 10 years of service credited under the Plan could 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. For the year 2007 and in each subsequent year, employees with three or more years of service as of the prior years' end ("three years of service") may diversify the annual contribution of Company stock into alternative investments. Further, employees with three years of service may also diversify, during 2007, one-third of the aggregate of prior years' contributions of Company stock; during 2008, one-half of the remaining balance of contributions of Company stock; and during 2009, all of the prior contributions of Company stock. For employees with three years of service and who were over age 55 at December 31, 2005, all prior years' contributions of Company stock may be diversified into alternative investments at any time. The alternative investment choices include a number of publicly traded stock and bond mutual funds. Employees may also change their investments from the alternate investments permitted into investments in the Company's stock. However, the number of times an employee may change their investments into or out of the Company's stock is annually limited. 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 are 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.

#### Republic Mortgage Insurance Company ("RMIC") Profit-Sharing Plan

Mr. Nard participates in the Company's ESSOP as well as in the RMIC Profit Sharing Plan, a 401(k) qualified 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 traded mutual funds and 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 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.

#### Great West Casualty Company ("GWC") Profit Sharing Plan

Mr. Rager participates in the Company's ESSOP as well as in the GWC Profit Sharing Plan, a 401(k) qualified plan. The GWC Profit Sharing Plan covers substantially all employees of GWC and its affiliates. Under the terms of the plan, employees may contribute up to 6% of their pay on a pretax basis and up to 10% of their pay on an after tax basis. Contributions are subject to an annual maximum (set at \$15,500 in 2007) which increases annually to reflect changes in the cost of living. GWC matches 25% of any pretax contribution and at the discretion of GWC's Board of Directors may make additional contributions as determined annually. Employees' share in discretionary contributions

on a proportional basis according to their earnings. Employees' contributions are invested, at the employees' direction, in a number of publicly traded mutual funds and employees may elect to purchase the Company's Common Stock as an investment option. GWC Profit Sharing Plan participants' interest vests in increments of 20% of the Company's contributions after two years of service and are 100% vested after six years of service. Benefits are payable upon normal retirement at age 65 and earlier upon death or permanent disability. Upon retirement a participant may elect a lump sum distribution or a direct rollover into an Individual Retirement Account.

---

This Proxy Statement is filed by order of the Board of Directors.

SPENCER LEROY, III  
Senior Vice President,  
General Counsel, and  
Secretary  
Chicago, Illinois  
April 1, 2008

