

OLD REPUBLIC INTERNATIONAL CORP

Form 424B3

August 05, 2010

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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-168130**

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of the shareholders of PMA Capital Corporation ( PMA ) to be held on Tuesday, September 21, 2010, at 10:00 a.m., local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania.

At the special meeting, you will be asked to approve the Agreement and Plan of Merger, dated as of June 9, 2010 (the merger agreement ), by and among Old Republic International Corporation ( Old Republic ), OR New Corp., a wholly owned subsidiary of Old Republic ( Merger Sub ), and PMA, pursuant to which Merger Sub will be merged with and into PMA and PMA will continue as the surviving entity and as a wholly owned subsidiary of Old Republic.

In the merger, each of your shares of PMA class A common stock will be converted into the right to receive 0.55 shares of Old Republic common stock (the exchange ratio ), provided that the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger, is at least \$12.50 but not greater than \$17.00 (the Old Republic measurement price ). If the Old Republic measurement price is less than \$12.50, the exchange ratio will be determined by dividing \$6.875 by the Old Republic measurement price, subject to a maximum exchange ratio of 0.60 shares. If the Old Republic measurement price is greater than \$17.00, the exchange ratio will be determined by dividing \$9.350 by the Old Republic measurement price, subject to a minimum exchange ratio of 0.50 shares.

This proxy statement/prospectus provides a detailed description of the merger agreement and the proposed merger. In addition, it contains important information regarding the special meeting. **We urge you to read this proxy statement/prospectus (and any documents incorporated into this proxy statement/prospectus by reference) carefully. Please pay particular attention to the section titled Risk Factors beginning on page 11.**

**The Board of Directors of PMA recommends that you vote FOR the proposal to adopt the merger agreement.**

The merger cannot be completed unless it is adopted by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present.

**Your vote is very important. If you are a registered shareholder, please vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the special meeting in person: (1) call the toll-free number specified on the enclosed proxy card and follow the instructions when prompted, (2) access the Internet website specified on the enclosed proxy card and follow the instructions provided to you, or (3) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.**

If you have any questions about the proposed merger or about how to vote your shares, please call MacKenzie Partners, Inc., the firm assisting PMA in its solicitation of proxies, toll-free at (800)322-2885, or call PMA Investor Relations at (610) 397-5298.

We look forward to the successful completion of the merger.

Sincerely,

Neal C. Schneider  
Chairman of the Board  
PMA Capital Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated August 4, 2010, and is first being mailed to the shareholders of PMA on or about August 6, 2010.

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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about PMA from other documents that are not included in or delivered with this proxy statement/prospectus. In addition, this proxy statement/prospectus refers to certain additional information about Old Republic that is not included in or delivered with this proxy statement/prospectus. This information is available for you to review at the public reference room of the Securities and Exchange Commission (the SEC) located at 100 F Street, N.E., Washington, D.C. 20549, and through the SEC's website at www.sec.gov. You can also obtain the documents incorporated by reference into and referred to in this proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**Old Republic**

Old Republic International Corporation  
307 North Michigan Avenue  
Chicago, Illinois 60601  
Attention: Investor Relations  
Telephone: (312) 346-8100

**PMA**

PMA Capital Corporation  
380 Sentry Parkway  
Blue Bell, Pennsylvania 19422  
Attention: Investor Relations  
Telephone: (610) 397-5298

**If you would like to request any documents, please do so by September 13, 2010 in order to receive them before the special meeting.**

For more information, please see the section titled "Where You Can Find More Information" beginning on page 187.

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Old Republic (File No. 333-168130), constitutes a prospectus of Old Republic under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the shares of Old Republic common stock to be issued to PMA shareholders under the merger agreement. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act). It also constitutes a notice of meeting with respect to the special meeting of PMA shareholders, at which meeting PMA shareholders will be asked to vote upon a proposal to adopt the merger agreement.

You should rely only on the information contained or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated as of August 4, 2010. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither our mailing of this proxy statement/prospectus to PMA shareholders nor the issuance by Old Republic of its common stock in connection with the merger will create any implication to the contrary.

**This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/prospectus regarding PMA has been provided by PMA and information contained in this proxy**

**statement/prospectus regarding Old Republic has been provided by Old Republic.**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF  
PMA CAPITAL CORPORATION**

A special meeting of shareholders of PMA Capital Corporation ( PMA ) will be held on Tuesday, September 21, 2010, at 10:00 a.m., local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania, for the following purposes:

to adopt the Agreement and Plan of Merger, dated as of June 9, 2010, by and among Old Republic International Corporation ( Old Republic ), OR New Corp., a wholly owned subsidiary of Old Republic ( Merger Sub ), and PMA, pursuant to which Merger Sub will be merged with and into PMA and PMA will continue as the surviving entity, as further described in the accompanying proxy statement/prospectus; and

to transact any other business that may properly be brought before the special meeting, or any adjournments or postponements thereof, including, without limitation, a motion to adjourn or postpone the special meeting to another time and/or place for the purpose of soliciting additional proxies in favor of the proposal to adopt the merger agreement, if necessary.

The Board of Directors of PMA recommends that you vote **FOR** the proposal to adopt the merger agreement.

Adoption of the merger agreement requires the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present.

Only shareholders of record at the close of business on July 30, 2010 are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. A complete list of shareholders entitled to vote at the special meeting will be available and kept open at the time and place of the special meeting and shall be subject to the inspection of any shareholder during, and for purposes germane to, the special meeting.

Only shareholders or their proxy holders may attend the special meeting. If you hold shares in your name, please be prepared to provide proper identification, such as a driver's license. If you hold your shares in street name through a bank, broker or other nominee, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification.

**Your vote is very important. If you are a registered shareholder, please vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the special meeting in person: (1) call the toll-free number specified on the enclosed proxy card and follow the instructions when prompted, (2) access the Internet website specified on the enclosed proxy card and follow the instructions provided to you, or (3) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.**

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement/prospectus.

In connection with our solicitation of proxies for the special meeting, we are mailing this proxy statement/prospectus and proxy card on or about August 6, 2010.

By order of the Board of Directors of

PMA Capital Corporation

Neal C. Schneider  
Chairman of the Board  
August 4, 2010

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

**Q: When and where is the PMA special meeting?**

A: The PMA special meeting will take place on Tuesday, September 21, 2010 at 10:00 a.m. local time, at Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania.

**Q: Why am I receiving this document?**

A: Old Republic has agreed to acquire PMA pursuant to the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, PMA shareholders must vote to adopt the merger agreement. PMA is holding a special meeting of shareholders to obtain this shareholder approval.

This proxy statement/prospectus contains important information about the merger and the special meeting of the shareholders of PMA, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting in person.

**Your vote is extremely important. We encourage you to vote as soon as possible. For more information on how to vote your shares, please see the section titled PMA Special Meeting beginning on page 183.**

**Q: What shareholder vote is required to adopt the merger agreement and approve the other items to be voted on at the PMA special meeting?**

A: *Merger Agreement.* Under Pennsylvania law, which governs PMA, the merger agreement must be adopted by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger, assuming a quorum is present. Each share of PMA class A common stock is entitled to one vote on the adoption of the merger agreement.

If these votes are not obtained, the merger will not be completed. Your vote is very important. You are encouraged to submit a proxy as soon as possible.

*Adjournment of meeting.* The affirmative vote of a majority of the shares of PMA class A common stock entitled to vote and present, in person or represented by proxy, at the special meeting is required to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

**Q: What will happen in the merger?**

A: In the merger, OR New Corp. ( Merger Sub ), a wholly owned subsidiary of Old Republic, will merge with and into PMA. Following the merger, PMA will continue as the surviving entity and as a wholly owned subsidiary of Old Republic.

**Q: What will PMA shareholders receive in the merger? How does the collar work?**

- A: Upon the completion of the merger, each outstanding share of PMA class A common stock, excluding any shares owned by PMA or Old Republic or any subsidiary of PMA or Old Republic (other than PMA class A common stock held in trust accounts and the like for the benefit of a third party or in respect of an outstanding debt), will be converted into the right to receive 0.55 shares of Old Republic common stock (the exchange ratio), provided that the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger, is at least \$12.50 but not greater than \$17.00 (the Old Republic measurement price). The range from \$12.50 to \$17.00 is referred to as the collar.

The exchange ratio will change if the Old Republic measurement price is outside of the collar. If the Old Republic measurement price is less than \$12.50, the exchange ratio will be determined by dividing \$6.875 by the Old Republic measurement price, subject to a maximum exchange ratio of 0.60 shares. If the Old Republic measurement price is greater than \$17.00, the exchange ratio will be determined by dividing \$9.350 by the Old

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Republic measurement price, subject to a minimum exchange ratio of 0.50 shares. See The Merger Agreement Terms of the Merger below for additional information.

**Q: Are PMA shareholders able to exercise appraisal rights?**

A: No. PMA shareholders are not entitled to appraisal rights under the Pennsylvania Business Corporation Law ( PBCL ) in connection with the merger.

**Q: When do the parties expect to complete the merger?**

A: Old Republic and PMA are working to complete the merger as quickly as practicable. We currently expect the merger to be completed near the end of the third quarter of 2010. However, neither Old Republic nor PMA can predict the effective time of the merger because it is subject to conditions both within and beyond each company s control.

**Q: How will the combined company be managed?**

A: The current senior management team of Old Republic, including Aldo C. Zucaro, who is currently serving as the chairman of the board of directors and chief executive officer of Old Republic, will continue in their respective positions and manage the combined company.

**Q: What will be the composition of the board of directors of Old Republic following the merger?**

A: The Old Republic board will remain the same following the merger, except that one of the independent directors of PMA will join Old Republic s board of directors as a Class 2 director.

**Q: Why is my vote important?**

A: If you do not submit a proxy or vote in person at the special meeting, it will be more difficult for PMA to obtain the necessary quorum to hold the meeting. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.

**Q: What constitutes a quorum for the meeting?**

A: A majority of the outstanding shares of PMA class A common stock having voting power being present, in person or represented by proxy constitutes a quorum for the meeting.

**Q: Does PMA s board of directors recommend adoption of the merger agreement and approval of the other matters to be voted on at the PMA special meeting?**

A: Yes. The PMA board of directors has determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA s shareholders, and recommends that shareholders vote FOR the proposal to adopt the merger agreement. In addition, the PMA board of directors recommends that shareholders vote FOR the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

Please see The Merger PMA's Reasons for the Merger and The Merger Old Republic's Reasons for the Merger below for additional information.

**Q: What is the record date for the special meeting?**

A: The record date for the PMA special meeting is July 30, 2010 (the PMA record date). Holders of PMA class A common stock on the PMA record date are entitled to notice of the PMA special meeting and to vote at the PMA special meeting or any adjournment or postponement thereof.

**Q: Who can vote at the special meeting?**

A: All PMA shareholders of record as of the close of business on July 30, 2010, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting.

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**Q: What do I need to do now?**

A: The parties urge you to read carefully this proxy statement/prospectus, including its annexes and the documents incorporated by reference herein. You also may want to review the documents referenced under the section **Where You Can Find More Information** below and consult with your accounting, legal and tax advisors.

Once you have reviewed this information, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy by telephone or through the Internet as soon as possible so that your shares of PMA class A common stock will be represented and voted at the special meeting, as applicable.

Please refer to your proxy card or the information forwarded by your broker or other nominee to see which voting options are available to you.

The Internet and telephone proxy submission procedures are designed to verify your stock holdings and to allow you to confirm that your instructions have been properly recorded.

The method by which you submit a proxy will in no way limit your right to vote at the special meeting if you later decide to attend the meeting in person. If you hold your shares in **street name** through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the special meeting.

**Q: Who may attend the meeting?**

A: PMA shareholders (or their authorized representatives) and PMA's invited guests may attend the meeting. Verification of stock ownership will be required at the meeting. If you own your shares in your own name or hold them through a broker (and can provide documentation showing ownership such as a letter from your broker or a recent account statement) at the close of business on the record date (July 30, 2010), you will be permitted to attend the meeting.

**Q: How do I obtain directions to attend the special meeting in person?**

A: You may contact PMA Investor Relations at (610) 397-5298 to obtain directions to the special meeting.

**Q: What if I abstain from voting or do not vote?**

A: Abstentions of shares of PMA class A common stock will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum exists for a vote on any particular proposal, but will not be counted as votes cast in regard to a particular proposal. If a holder of shares of PMA class A common stock fails to return its proxy card, such shares will not be counted for purposes of such vote.

**Q: If my PMA class A common stock is held in a brokerage account or in **street name**, will my broker vote my shares for me?**

A: If you are a PMA shareholder and if you do not provide your bank or broker with instructions on how to vote your **street name** shares, your bank or broker will not be permitted to vote them unless your bank or broker already has discretionary authority to vote such **street name** shares. Also, if your bank or broker has indicated on the proxy that it does not have discretionary authority to vote such **street name** shares, your bank or broker will

not be permitted to vote them. Either of these situations results in a broker non-vote.

**Q: How are broker non-votes treated?**

A: Broker non-votes will have no effect on the proposals to adopt the merger agreement and approve the adjournment or postponement of the PMA special meeting once a quorum for the meeting has been established. Therefore, you should provide your bank or broker with instructions on how to vote your shares, or arrange to attend the PMA special meeting and vote your shares in person to avoid a broker non-vote.

**Q: What should I do if I receive more than one set of voting materials for the special meeting?**

A: You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your



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shares of PMA class A common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of PMA class A common stock. If you are a holder of record and your shares of PMA class A common stock are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

**Q: What do I do if I want to change my vote or revoke my proxy?**

A: If you are a registered shareholder, you may change your vote at any time before the vote takes place at the PMA special meeting. To do so, you may either complete and submit a new proxy card with a later date or send a written notice to the corporate secretary of PMA stating that you would like to revoke your proxy. In addition, you may elect to attend the PMA special meeting and vote in person, as described above. However, if you are not a registered shareholder, but instead hold your shares of PMA class A common stock through a bank, broker or other nominee, you may revoke your instructions only by informing the bank, broker or nominee in accordance with any procedures established by such nominee.

**Q: How will my shares be represented at the meeting?**

A: At the meeting, the officers named in your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you sign your proxy card and return it without indicating how you would like to vote your shares, your proxy will be voted as the PMA board of directors recommends, which is:

*FOR* the adoption of the merger agreement; and

*FOR* the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

**Q: What effect will the merger have on options to purchase PMA class A common stock and other stock-based awards that have been granted to employees and directors of PMA?**

A: The terms of outstanding restricted share award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted shares will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

Restricted shares and options to purchase PMA class A common stock will be converted into restricted shares and options to purchase Old Republic common stock based on the exchange ratio. Stock appreciation rights based on the value of PMA class A common stock will be converted into stock appreciation rights with respect to Old Republic common stock based on the exchange ratio. The conversion price for the options and the stock appreciation rights of Old Republic will be established by dividing the current exercise price by the exchange ratio. The converted stock options, stock appreciation rights and restricted shares, other than restricted shares held by non-employee directors, which will vest upon the closing of the merger, will otherwise have the same terms and conditions as were in effect before the merger was effective.

At the effective time of the merger, the performance goals designated under each of PMA's 2009 and 2010 Officer Long Term Incentive Plans will be deemed to have been met at 100% of target and the performance goals designated under PMA's 2010 Officer Annual Incentive Compensation Plan will be deemed to have been met at a payout factor of 100%. As such, the payment of such awards will be based on the satisfaction by participants of only the service-based and time-based vesting requirements designated under such plans. Restricted share units

are outstanding under PMA s 2009 and 2010 Officer Long Term Incentive Plans. At the effective time of the merger, each outstanding restricted share unit awarded under a long-term incentive plan will be automatically converted into a number of restricted share units of Old Republic based on the exchange ratio and the proportion of the performance period under the applicable long term incentive plan that has passed at the time of the closing of the merger. At the effective time of the merger, PMA s 2008 Officer Long Term Incentive Plan will be terminated.

See The Merger Agreement Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards.

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**Q: Should I send in my PMA stock certificates now?**

A: No. If the merger is completed, written instructions will be sent to shareholders of PMA with respect to the exchange of their share certificates for the merger consideration described in the merger agreement.

**Q: Do I have to take any action now to exchange my shares held in book-entry form?**

A: No. PMA shareholders who hold their shares in book-entry form will receive instructions for the exchange of their shares for the merger consideration following the completion of the merger.

**Q: Are there risks associated with the merger, and what will happen to PMA if the merger is not completed, that I should consider in deciding how to vote?**

A: Yes. There are a number of risks related to the merger and the other transactions contemplated by the merger agreement that are discussed in this proxy statement/prospectus and in other documents incorporated by reference or referred to in this proxy statement/prospectus. Please read with particular care the detailed description of the risks described in Risk Factors Risks Relating to the Pending Merger below. Additional risks relating to Old Republic's and PMA's business are described under the heading Risk Factors below and in the Old Republic SEC filings and the PMA SEC filings referred to in Where You Can Find More Information below.

If the merger is not completed, PMA's shareholders will not receive the merger consideration and PMA will remain a stand alone public company with its class A common stock traded on the Nasdaq Stock Market. Under certain circumstances, PMA may be required to reimburse Old Republic for its expenses or pay Old Republic a fee in connection with the termination of the merger agreement.

In addition, if the merger is not completed, PMA's ability to reach a resolution with the Pennsylvania Insurance Department with respect to the Department's examination of PMA's insurance subsidiaries as of December 31, 2007 will be adversely impacted. See The Merger PMA's Reasons for the Merger Resolution of Pennsylvania Insurance Department Examination. Based on recent discussions with representatives of the Department, in order to resolve the outstanding issues as a stand alone organization, PMA will need to engage in administrative and legal review processes which, irrespective of their ultimate outcome, will likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on the financial ratings of its insurance subsidiaries. PMA cannot predict how long the processes would take or whether it would ultimately be successful. In the event that PMA is unsuccessful in its administrative and legal appeals, PMA could be required to take actions, such as increasing its loss and loss adjustment expense reserves, that would materially and adversely affect its business, financial condition and results of operations.

**Q: Will a proxy solicitor be used?**

A: Yes. PMA has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the special meeting and PMA expects it will pay MacKenzie Partners, Inc. a fee of approximately \$10,000. PMA has also agreed to reimburse MacKenzie Partners, Inc. for reasonable out-of-pocket expenses incurred in connection with the proxy solicitation and to indemnify MacKenzie Partners, Inc. against certain losses, costs and expenses. In addition, our officers and employees may solicit proxies by telephone or in person, but no additional compensation will be paid to them.

**Q: Who can I contact with any additional questions?**

A: If you have additional questions about the merger, you should contact Old Republic or PMA at:

**Old Republic International Corporation**  
**307 North Michigan Avenue**  
**Chicago, Illinois 60601**  
**Attention: Investor Relations**  
**Telephone: (312) 346-8100**

**PMA Capital Corporation**  
**380 Sentry Parkway**  
**Blue Bell, PA 19422**  
**Attention: Investor Relations**  
**Telephone: (610) 397-5298**

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If you would like additional copies of this proxy statement/prospectus, or if you need assistance voting your shares, you should contact:

**MacKenzie Partners, Inc.**  
**105 Madison Avenue**  
**New York, NY 10016**  
**(800) 322-2885 (toll free) or**  
**(212) 929-5500 (call collect)**  
**PMA@mackenziepartners.com**

**Q: Where can I find more information about the companies?**

A: You can find more information about Old Republic and PMA in the documents described under the section entitled "Where You Can Find More Information" below.

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**SUMMARY**

*This summary highlights selected information from this statement and may not contain all the information that is important to you. To fully understand the merger proposal and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the annexes hereto and documents incorporated by reference herein, and the other documents to which the parties have referred you. For information on how to obtain the documents that the parties have filed with the SEC, see the section entitled "Where You Can Find More Information" below.*

**Information About the Companies**

PMA Capital Corporation ( PMA ) is a holding company whose operating subsidiaries provide insurance and related fee-based services. PMA's insurance products include workers' compensation and other commercial property and casualty lines of insurance. Fee-based services include third party administrator ( TPA ), managing general agent and program administrator services.

PMA is a Pennsylvania corporation. PMA's common stock trades on the NASDAQ Stock Market® under the symbol PMACA. PMA has an A.M. Best Company financial strength rating of A- (Excellent), which is the 4th highest of 16 rating levels. PMA's principal executive offices are located at 380 Sentry Parkway, Blue Bell, Pennsylvania 19422, and its telephone number is (610) 397-5298.

Old Republic International Corporation ( Old Republic ), a Delaware corporation, is a Chicago based holding company engaged in the single business of insurance underwriting. Old Republic conducts its operations through a number of regulated insurance company subsidiaries organized into three major segments, namely, its General (property and liability insurance), Mortgage Guaranty, and Title Insurance Groups.

The principal companies in Old Republic's General Insurance segment are rated either A+ (Superior) or A (Excellent) by A.M. Best. Republic Mortgage Insurance Company, Old Republic's principal mortgage insurance subsidiary, is rated BBB- by Fitch, Ba1 by Moody's and BBB- by Standard & Poor's. Old Republic's Title Insurance group is rated A or higher by each of A.M. Best, Fitch, Moody's and Standard & Poor's. Old Republic common stock trades on the NYSE under the symbol ORI. Old Republic's principal executive offices are located at 307 North Michigan Avenue, Chicago, Illinois 60601 and its telephone number is (312) 346-8100.

OR New Corp. ( Merger Sub ), a Pennsylvania corporation, is a wholly owned subsidiary of Old Republic that was formed solely for the purpose of effecting the merger. Merger Sub has not conducted and will not conduct any business prior to the merger. Merger Sub's principal executive offices are located at 307 North Michigan Avenue, Chicago, Illinois 60601 and its telephone number is (312) 346-8100.

Further details relating to Old Republic, Merger Sub and PMA are described in "Information About the Companies" below.

**The Merger**

Old Republic and PMA have entered into the merger agreement pursuant to which Merger Sub will merge with and into PMA. As a result of the merger, PMA will become a wholly owned subsidiary of Old Republic and each share of PMA class A common stock will be converted into 0.55 shares of Old Republic common stock, subject to a collar.

Under the collar, if the volume weighted average price per share of Old Republic common stock on the NYSE, as reported by Bloomberg LP, for the twenty consecutive trading days ending on and including the fifth trading day prior to, but not including, the effective date of the merger (the Old Republic measurement price ), is less than \$12.50, the exchange ratio could be as high as 0.60 shares of Old Republic common stock for each share of PMA class A common stock. If the Old Republic measurement price is greater than \$17.00, the exchange ratio could be as low as 0.50 shares of Old Republic common stock for each share of PMA class A common stock. See The Merger Agreement Terms of the Merger for a more complete description of the exchange ratio and the collar.

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The merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference. Old Republic and PMA encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

### **Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards**

PMA periodically has granted stock options, stock appreciation rights, restricted shares and restricted share units to employees and non-employee directors pursuant to PMA's 2002 Equity Incentive Plan, 2007 Omnibus Incentive Compensation Plan and 2004 Director Stock Compensation Plan. As of the record date for the PMA special meeting, there were approximately 856,871 shares of PMA class A common stock issuable pursuant to outstanding stock options and 41,250 outstanding restricted shares. As of the record date, there were 56,000 stock appreciation rights outstanding and 956,452 restricted share units awarded under PMA's 2009 and 2010 Officer Long Term Incentive Compensation Plans.

The terms of outstanding restricted share award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted shares will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

At the effective time of the merger, each outstanding stock option and stock appreciation right that remains unexercised as of the completion of the merger, whether or not vested or unvested, will automatically be converted into an equivalent stock option or stock appreciation right with respect to a number of shares of Old Republic common stock based on the exchange ratio. At the effective time of the merger, each outstanding restricted share will automatically be converted into an equivalent share of Old Republic common stock based on the exchange ratio. The converted stock options, stock appreciation rights and restricted shares, other than the restricted shares held by non-employee directors, which will vest upon the closing of the merger, will otherwise have the same terms and conditions as were in effect before the merger was effective.

At the effective time of the merger, the performance goals designated under each of PMA's 2009 and 2010 Officer Long Term Incentive Plans will be deemed to have been met at 100% of target and the performance goals designated under PMA's 2010 Officer Annual Incentive Compensation Plan will be deemed to have been met at a payout factor of 100%. As such, the payment of such awards shall be based on the satisfaction by participants of only the service-based and time-based vesting requirements designated under such plans, if any. Restricted share units are outstanding under PMA's 2009 and 2010 Officer Long Term Incentive Plans. At the effective time of the merger, each outstanding restricted share unit awarded under a long-term incentive plan will be automatically converted into a number of restricted share units of Old Republic based on the exchange ratio and the proportion of the performance period under the applicable long term incentive plan that has passed at the time of the closing of the merger. See "The Merger Agreement - Treatment of PMA Equity Compensation Awards and Performance-Based Compensation Awards."

At the effective time of the merger, PMA's 2008 Officer Long Term Incentive Plan will be terminated.

### **PMA's Reasons for the Merger**

PMA's board of directors, at its meeting held on June 9, 2010, considered the terms of the merger agreement and the transactions contemplated thereby and determined them to be advisable, fair to, and in the best interests of, PMA and PMA's shareholders. PMA believes that a merger with Old Republic, and the additional financial strength and stability it can provide, will be of benefit to its shareholders, clients, employees and other stakeholders. In evaluating the merger, PMA's board of directors consulted with management, as well as its legal and financial advisors, and considered a number of factors, including the following:



the challenges PMA would face continuing as an independent company,

the opportunity to resolve issues relating to the Pennsylvania Insurance Department's examination of PMA's loss and loss adjustment expense reserves through a merger with Old Republic rather than engaging in administrative and legal review processes which, irrespective of their ultimate outcome, would likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on its financial ratings,

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the fact that the merger consideration represented a premium of approximately 15% to the closing price of PMA's class A common stock on June 8, 2010, the last trading day prior to execution of the merger agreement,

the opinion of BofA Merrill Lynch, dated June 9, 2010, to PMA's board of directors to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock (see the section entitled "The Merger - Opinion of PMA's Financial Advisor" for a more complete description),

given the lengthy and thorough sale process undertaken by PMA and its financial advisor, the probability of receiving an offer better than the offer made by Old Republic was low,

the benefits of the merger to PMA's shareholders, clients, employees and other stakeholders compared to alternative strategies where PMA continued to operate independently,

the terms of the merger agreement,

the decentralized nature of Old Republic's operations, which is expected to provide PMA with the ability to maintain its operations in substantially the manner they existed prior to the merger,

based on the size of the transaction, the terms of the merger agreement and discussions with the Pennsylvania Insurance Department, PMA believes there is a high likelihood that the transaction will be completed,

Old Republic has higher financial strength ratings than PMA, with Old Republic's principal property and casualty insurance subsidiaries having A.M. Best ratings of "A+" compared to PMA's A.M. Best rating of "A-", and

that the merger is expected to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which will permit PMA shareholders to defer recognition of taxes associated with their shares of PMA class A common stock (other than cash paid in lieu of fractional shares) until they decide to sell the shares of Old Republic common stock received in the merger.

For further details relating to PMA's reasons for approving and recommending the merger, see "The Merger - PMA's Reasons for the Merger," which is not intended to be exhaustive.

## **Recommendations of the PMA Board of Directors with Respect to the Merger**

On June 9, 2010, the PMA board of directors convened a meeting to review and consider the proposed merger with Old Republic. The entire board except for one director was present at the meeting. At that meeting, PMA's board, by unanimous vote of the directors present, determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to, and in the best interests of, PMA and PMA's shareholders, and such directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The PMA board of directors recommends that PMA shareholders vote "FOR" the proposal to adopt the merger agreement and "FOR" the approval of the adjournment or postponement of the special meeting for the solicitation of additional proxies if there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

For further discussion of PMA's reasons for the merger and the recommendation of the PMA board of directors, see The Merger Background of the Merger, The Merger PMA's Reasons for the Merger and The Merger Recommendations of the PMA Board of Directors with Respect to the Merger below.

**Shareholders Entitled to Vote; Vote Required**

Shareholders who owned shares of PMA class A common stock at the close of business on July 30, 2010, which is referred to as the record date, are entitled to vote at the special meeting. On the record date, there were 32,280,474 shares of PMA class A common stock outstanding and entitled to vote at the special meeting, held by approximately 134 holders of record. Shareholders may cast one vote for each share of PMA class A common stock owned on the record date.

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Assuming a quorum is present, the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the merger is necessary for the adoption of the merger agreement. The holders of a majority of the total number of outstanding shares of PMA class A common stock entitled to vote as of the record date, represented either in person or by proxy, will constitute a quorum at the special meeting for the conduct of business.

The affirmative vote of a majority of the shares of PMA class A common stock entitled to vote and present, in person or represented by proxy, at the special meeting is required to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient shares present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

An abstention occurs when a shareholder abstains from voting (either in person or by proxy) on one or more of the proposals. A broker non-vote occurs when a bank, broker or other nominee returns a proxy but does not have authority to vote on a particular proposal. Abstentions of shares of PMA class A common stock will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum exists for a vote on any particular proposal, but will not be counted as votes cast in regard to a particular proposal. Broker non-votes will have no effect on the proposals to adopt the merger agreement and approve the adjournment or postponement of the PMA special meeting once a quorum for the meeting has been established. Therefore, you should provide your bank or broker with instructions on how to vote your shares, or arrange to attend the PMA special meeting and vote your shares in person to avoid a broker non-vote. If you fail to return your proxy card, your shares will not be counted for purposes of establishing a quorum and will not be voted at the special meeting.

Your vote is very important. You are encouraged to vote as soon as possible. If you do not indicate how your shares of PMA class A common stock should be voted on a matter, the shares of PMA class A common stock represented by your properly completed proxy will be voted as the PMA board of directors recommends and therefore FOR the adoption of the merger agreement and FOR the approval of a proposal to adjourn or postpone the special meeting for solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

## **Opinion of PMA's Financial Advisor**

In connection with the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ), PMA's financial advisor, delivered to PMA's board of directors a written opinion, dated June 9, 2010, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to holders of PMA class A common stock. The full text of the written opinion, dated June 9, 2010, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this document and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to PMA's board of directors for the benefit and use of PMA's board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed merger.**

## **Old Republic's Reasons for the Merger**

It is the opinion of Old Republic's management and board of directors that the merger will enhance Old Republic's growth prospects. Old Republic's management and board believe that long-term growth can be achieved through the greater geographic spread and certain industry specialization offered by PMA's current business model. Furthermore, Old Republic believes that it will acquire the continuing services of a dedicated operating management and the well regarded insurance services delivery of PMA's subsidiaries.

**Interests of PMA Officers and Directors in the Merger**

In considering the recommendation of the PMA board of directors with respect to the adoption of the merger agreement, PMA shareholders should be aware that the merger agreement includes a provision that one independent

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member of the PMA board of directors be added to the Old Republic board of directors following completion of the merger. The other directors of PMA will resign effective upon closing of the merger.

In addition, the terms of outstanding restricted stock award agreements between PMA and its non-employee directors provide that the vesting of all unvested restricted stock will accelerate upon a change in control transaction. The merger will constitute a change in control transaction.

Nine PMA officers are parties to employment and severance agreements with PMA. The merger agreement provides as a condition to the obligation of Old Republic to consummate the merger that Vincent T. Donnelly, President and Chief Executive Officer, shall have executed and delivered to PMA a voluntary written termination of his employment agreement and PMA shall have obtained a voluntary written termination from six of the eight other officers that are parties to severance agreements with PMA. The employment and severance agreements provide for payments to the officers in the event their employment is terminated following a change of control of PMA.

The nine officers of PMA referred to above, including the Chief Executive Officer who is a member of PMA's board of directors, have been advised by Old Republic that, following the merger, they will be employed by Old Republic on terms comparable to their employment with PMA.

PMA's board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that the PMA shareholders adopt the merger agreement. See *The Merger - Interests of PMA Officers and Directors in the Merger*.

## **Material U.S. Federal Income Tax Consequences**

Old Republic and PMA each expect the merger to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code. Provided that the merger qualifies as a reorganization under U.S. federal income tax laws, PMA shareholders generally will not recognize any gain or loss (except with respect to cash received in lieu of a fractional share of Old Republic common stock) by reason of the merger.

Please review carefully the information under the caption *Material U.S. Federal Income Tax Consequences of the Merger* for a description of the material U.S. federal income tax consequences of the merger. **PMA shareholders are strongly urged to consult their own tax advisors as to the specific tax consequences to them of the merger in light of their particular circumstances, including the applicability and effect of U.S. federal, state, local, non-U.S. income and other tax laws.**

## **Accounting Treatment**

Old Republic will account for the merger under the purchase method of accounting for business combinations. Old Republic will be considered the acquirer of PMA for accounting purposes. Further details relating to the accounting treatment of the merger are described in *The Merger - Accounting Treatment* below.

## **Regulatory Approvals Required for the Merger**

PMA has three insurance company subsidiaries domiciled in the Commonwealth of Pennsylvania. Insurance laws in Pennsylvania require an acquiring person to obtain approval from the Insurance Commissioner of Pennsylvania before acquiring control of an insurance company domiciled in Pennsylvania. The Insurance Commissioner of Pennsylvania approved the proposed merger on August 3, 2010.

PMA has insurance subsidiaries domiciled in Bermuda and the Cayman Islands. The laws of those jurisdictions require a notice filing and, in the case of Bermuda, the approval of the Bermuda Monetary Authority, before any change in the control of PMA can occur. Old Republic has provided notice of the proposed merger to the Bermuda Monetary Authority and the Cayman Island Monetary Authority. The Bermuda Monetary Authority granted its approval on June 30, 2010.

The merger is subject to review by the Antitrust Division of the U.S. Department of Justice (the Antitrust Division ) and the Federal Trade Commission (the FTC ) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the HSR Act ). Old Republic and

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PMA have filed the requisite Pre-Merger Notification and Report Forms under the HSR Act with the Antitrust Division and the FTC and have been notified that the waiting period has been terminated.

For further discussion of regulatory matters relating to the merger, see the section entitled "The Merger - Regulatory Approvals Required for the Merger" below.

### **No Appraisal Rights in the Merger**

Holders of PMA's class A common stock are not entitled to dissenters' rights of appraisal under Pennsylvania law in connection with the merger. See "The Merger - No Appraisal Rights."

### **Conditions to Completion of the Merger**

The parties expect to complete the merger after all of the conditions to the merger in the merger agreement are satisfied or waived, including after PMA receives shareholder approval of the adoption of the merger agreement at its special meeting and the parties receive all required regulatory approvals. The parties currently expect to complete the merger near the end of the third quarter of 2010. It is possible, however, that factors outside of each party's control could require them to complete the merger at a later time or not to complete it at all.

A number of conditions must be satisfied or waived, where legally permissible, before the proposed merger can be consummated. These include, among others:

- adoption by PMA shareholders of the merger agreement;

- shares of Old Republic common stock issuable to the shareholders of PMA pursuant to the merger will have been approved for listing on the NYSE, subject to official notice of issuance;

- absence of any order, decree or injunction issued, and of any action taken by any court or agency or other law preventing or making illegal the consummation of the merger;

- receipt of all required regulatory approvals; and

- receipt of voluntary written terminations of employment or severance agreements with the Chief Executive Officer of PMA and six of the eight other PMA officers party to such agreements effective prior to the merger.

Neither Old Republic nor PMA can give any assurance when or if all of the conditions to the merger will be either satisfied or waived or that the merger will occur. Neither Old Republic nor PMA currently intends to waive any material condition to the completion of the merger. For further discussion of the conditions to the merger, see "The Merger Agreement - Conditions to Completion of the Merger" below.

### **No Solicitation of Other Offers by PMA**

The merger agreement contains provisions prohibiting PMA and its subsidiaries, directors, officers, employees, agents or representatives from taking actions to solicit, discuss or negotiate any competing transaction proposal, with certain exceptions, including with respect to an unsolicited bona fide written superior proposal, as described in "The Merger Agreement - No Solicitation of Other Offers by PMA" below.

### **Termination of the Merger Agreement**



Old Republic and PMA may jointly agree to terminate the merger agreement at any time, even after adoption by the PMA shareholders of the merger agreement, In addition, either Old Republic or PMA may terminate the merger agreement if:

the merger shall not have been consummated on or before December 31, 2010, unless the party seeking to terminate the merger agreement failed to perform or observe the applicable covenants and agreements under the merger agreement;

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a required regulatory approval has been denied or any governmental entity has taken action permanently enjoining or otherwise prohibiting or making illegal the merger, including with respect to antitrust matters, if HSR approval has not been obtained within 120 days of the filing of the HSR application (such 120 day period to be extended for another 120 days if HSR approval is a reasonable possibility);

the other party has breached a representation, warranty, covenant or agreement that would preclude the satisfaction of certain conditions to the consummation of the merger and such breach is not remedied within the applicable cure period;

the PMA board of directors shall have (i) failed to recommend the approval and adoption of the merger agreement to the PMA shareholders, (ii) made any PMA change of recommendation, (iii) approved or recommended, or publicly proposed to approve or recommend, any alternative proposal or (iv) failed to recommend to PMA's shareholders that they reject any tender offer or exchange offer that constitutes an alternative transaction within the ten business day period specified in Rule 14e-2(a) of the Exchange Act; or

the PMA shareholders have not adopted the merger agreement at the PMA special meeting. See The Merger Agreement Termination of the Merger Agreement.

## **Termination Fees and Expenses**

Each of Old Republic and PMA has agreed that, if the merger agreement is terminated in certain circumstances described in the merger agreement, PMA must pay Old Republic a termination fee of \$8 million. In addition, if the merger agreement is terminated in certain circumstances, PMA shall pay Old Republic for its documented out-of-pocket expenses in connection with the merger agreement, up to \$2 million. In certain circumstances, the termination fee is subject to offset based on any Old Republic expenses reimbursed by PMA. The maximum amount payable by PMA to Old Republic in the event of termination of the merger agreement is \$8 million. See The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Termination Fees and Expenses.

## **Purpose of the PMA Special Meeting**

Holders of PMA class A common stock will be asked to vote on the following proposals:

to adopt the merger agreement; and

to approve the adjournment or postponement of the PMA special meeting for the solicitation of additional proxies in the event there are not sufficient votes present, in person or represented by proxy, at the time of the special meeting to adopt the merger agreement.

PMA's board of directors recommends that PMA's shareholders vote FOR the proposals set forth in the two bullets above.

## **Voting by PMA Directors and Executive Officers**

As of July 30, 2010, directors and executive officers of PMA held and were entitled to vote 482,103 shares of PMA class A common stock, or approximately 1.5% of the voting power of the issued and outstanding shares of PMA class A common stock. Please see the section of this proxy statement/prospectus entitled PMA Special Meeting Voting by PMA Directors and Executive Officers for additional information. It is currently expected that PMA's directors and executive officers will vote their shares in favor of adopting the merger agreement, although none of

them have entered into any agreements obligating them to do so.

**Directors and Executive Officers of Old Republic After the Merger**

The directors and executive officers of Old Republic prior to the merger will continue as the directors and executive officers of Old Republic after the merger, except that following the merger one of the independent directors of PMA will join Old Republic's board of directors as a Class 2 director.

**Table of Contents****Ownership of Old Republic After the Merger**

Old Republic will issue a maximum of approximately 19,884,057 shares of Old Republic common stock pursuant to the merger based on the number of outstanding shares of PMA class A common stock on July 30, 2010 and assuming conversion of all of PMA's 4.25% Convertible Debt and the exercise of all outstanding options to purchase shares of PMA class A common stock (which options, if unexercised, will be converted pursuant to the merger into options to acquire shares of Old Republic common stock). In addition, a maximum of approximately 573,871 shares of Old Republic common stock will be issuable in connection with outstanding PMA restricted share units that will be converted pursuant to the merger into restricted share units of Old Republic (the As-Converted Award Shares). After the effective time of the merger, PMA shareholders will own approximately 7.8% of Old Republic on a fully diluted basis based on the outstanding shares of Old Republic common stock and PMA class A common stock on July 30, 2010 and assuming the issuance of the maximum number of As-Converted Award Shares. Consequently, PMA shareholders will have significantly less influence over the management and policies of Old Republic than they currently exercise over the management and policies of PMA.

**Rights of PMA Shareholders**

PMA shareholders receiving merger consideration will have different rights once they become Old Republic shareholders, due to differences between the governing documents of Old Republic and PMA. These differences are described in detail under "Comparison of Rights of Old Republic Shareholders and PMA Shareholders" below.

**Recent Developments*****Old Republic Second Quarter 2010 Results***

On July 22, 2010 Old Republic issued a news release covering its earnings for this year's second quarter and first half. The highlights of the release are set forth below and should be read in conjunction with all other information pertaining to Old Republic's historical financial statements and Old Republic Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in this proxy statement/prospectus.

**Financial Highlights**

**(unaudited; amounts in millions except per share data and percentages)**

	Quarters Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
Operating Revenues	\$ 935.3	\$ 912.2	2.5%	\$ 1,864.9	\$ 1,790.7	4.1%
Net Operating Income (Loss)	10.0	(49.6)	120.3	33.2	(103.5)	132.1
Net Income (Loss)	\$ 57.4	\$ (15.8)	461.4%	\$ 82.5	\$ (69.8)	218.2%
Diluted Earnings Per Share:						
Net Operating Income (Loss)	\$ 0.05	\$ (0.21)	123.8%	\$ 0.16	\$ (0.44)	136.4%
Net Income (Loss)	\$ 0.23	\$ (0.07)	428.6%	\$ 0.35	\$ (0.30)	216.7%
Cash Dividends Per Share:	\$ 0.1725	\$ 0.1700	1.5%	\$ 0.3450	\$ 0.3400	1.5%

Ending Book Value Per Share:	\$ 16.84	\$ 15.93	5.7%
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Old Republic's second quarter and first half operating results, which exclude net realized investment gains or losses, reflected significant improvement when compared to the same periods of 2009. As noted below, substantially all of the improvement stemmed from more positive results in Old Republic's Mortgage Guaranty line. The latter benefited from a combination of lower provisions for outstanding claims, and from the positive effects of largely non-recurring captive reinsurance commutations and terminations of insured mortgage pools. Second quarter and first half 2010 General Insurance pretax operating earnings were reduced by relatively higher claim costs; earnings were consequently off by 5.8 percent for this year's first half. Old Republic Title Group results

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turned to the profit column in both 2010's and 2009's second quarterly periods, but remained in moderately negative territory for the first half of both years as claim and operating expenses outpaced revenue growth.

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

	Quarters Ended June 30,			Six Months Ended June 30,		
	2010	2009	Change	2010	2009	Change
<b>Operating revenues:</b>						
General insurance	\$ 468.3	\$ 507.0	(7.6)%	\$ 947.5	\$ 1,030.8	(8.1)%
Mortgage guaranty	152.1	166.5	(8.7)	312.6	337.8	(7.5)
Title insurance	293.5	219.0	34.0	555.6	379.3	46.5
Corporate and other	21.3	19.5	9.1	49.1	42.7	14.9
Total	\$ 935.3	\$ 912.2	2.5%	\$ 1,864.9	\$ 1,790.7	4.1%
<b>Pretax operating income (loss):</b>						
General insurance	\$ 29.3	\$ 46.4	(36.8)%	\$ 98.6	\$ 104.6	(5.8)%
Mortgage guaranty	(22.1)	(137.9)	83.9	(56.3)	(282.5)	80.1
Title insurance	4.0	5.6	(28.2)	(4.6)	(3.4)	(34.5)
Corporate and other	(3.2)	(0.1)	N/M	(1.4)	2.4	(157.0)
Sub-total	7.9	(86.0)	109.2	36.2	(178.8)	120.3
Realized investment gains (losses):						
From sales	72.8	0.3		75.8	0.3	
From impairments						
Net realized investment gains (losses)	72.8	0.3	N/M	75.8	0.3	N/M
<b>Consolidated pretax income (loss)</b>						
	80.8	(85.6)	194.3	112.1	(178.4)	162.8
Income taxes (credits)	23.3	(69.8)	133.5	29.5	(108.6)	127.2
<b>Net income (loss)</b>	\$ 57.4	\$ (15.8)	461.4%	\$ 82.5	\$ (69.8)	218.2%
<b>Consolidated underwriting ratio:</b>						
Benefits and claim ratio	60.4%	78.8%		60.0%	81.3%	
Expense ratio	48.8	42.3		48.1	41.0	
Composite ratio	109.2%	121.1%		108.1%	122.3%	

**Components of diluted earnings per share:**

Net operating income (loss)	\$ 0.05	\$ (0.21)	123.8%	\$ 0.16	\$ (0.44)	136.4%
Net realized investment gains (losses)	0.18	0.14		0.19	0.14	
Net income (loss)	\$ 0.23	\$ (0.07)	428.6%	\$ 0.35	\$ (0.30)	216.7%
<b>Cash dividends paid per share</b>	\$ 0.1725	\$ 0.1700	1.5%	\$ 0.3450	\$ 0.3400	1.5%

N/M: Not meaningful

The recognition of realized investment gains or losses can be highly discretionary and arbitrary due to such factors as the timing of individual securities sales, recognition of estimated losses from write-downs for impaired securities, tax-planning considerations, and changes in investment management judgments relative to the direction of securities markets or the future prospects of individual investees or industry sectors. Likewise, non-recurring items which may emerge from time to time can distort the comparability of Old Republic's results from period to period. Accordingly, Old Republic's management uses net operating income, a non-GAAP financial measure, to

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evaluate and better explain operating performance, and believes its use enhances an understanding of Old Republic's basic business results. Operating income, however, does not replace net income determined in accordance with GAAP as a measure of total profitability.

The above table shows both operating and net income (loss) to highlight the effects of realized investment gain or loss recognition on period-to-period comparisons. Realized gains in this year's second quarter and first half resulted from sales of securities, some of which had been impaired in prior years. The following summary shows the composition of realized gains shown in the above table.

	<b>Quarters Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Realized gains (losses) from sales applicable to previously impaired securities:				
Actual tax basis (loss) on sales	\$ (44.0)	\$	\$ (44.0)	\$
GAAP valuation impact of the original impairment charge on securities sold	71.9		71.9	
Net total	27.9		27.9	
Net realized gains from sales of all other securities	44.9	0.3	47.9	0.3
Net realized gains from all securities sales	\$ 72.8	\$ 0.3	\$ 75.8	\$ 0.3

***Litigation Related to the Merger***

On June 15, 2010 and as amended on July 30, 2010, a purported derivative and class action lawsuit was filed by an alleged shareholder of PMA naming PMA, its Board of Directors, Old Republic and Merger Sub as defendants. The action was filed in the Court of Common Pleas of Montgomery County, Pennsylvania. The action is Alan R. Kahn and Wister S. Baisch v. Peter S. Burgess, et al., Case No. 2010-15690. The complaint claims to be a class action on behalf of all of PMA's shareholders, except the defendants and any of their affiliates. The complaint alleges that the merger consideration is inadequate, the proxy statement/prospectus fails to disclose all material information about the merger, the directors of PMA breached their fiduciary duties and failed to manage prudently the business of PMA and Old Republic and Merger Sub aided and abetted the alleged breaches by PMA's directors. The complaint seeks several forms of relief, including monetary damages and injunctive relief that would, if granted, prevent the merger from closing on the terms set forth in the merger agreement.

The defendants believe that the complaint has no merit and intend to vigorously defend against the action.

On June 29, 2010, a second complaint was filed by an alleged shareholder of PMA naming PMA and its Board of Directors as defendants. The complaint was filed in the Court of Common Pleas of Philadelphia, Pennsylvania. The action was Wister S. Baisch v. Peter S. Burgess, et al., Case ID 100603098. The matter was discontinued without prejudice by the plaintiff on July 29, 2010 and the plaintiff joined the above described matter.



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**RISK FACTORS**

*In addition to the other information included in this proxy statement/prospectus, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements below, you should carefully consider the following risk factors before deciding whether to vote to adopt the merger agreement. If any of the risks described below actually materialize, the businesses, financial conditions, results of operations, prospects or stock prices of PMA, Old Republic or the combined company could be materially adversely affected. See Where You Can Find More Information below.*

**Risks Relating to Old Republic's Business**

Risk factors are uncertainties and events over which Old Republic has limited or no control, and which can have a materially adverse effect on its business, results of operations or financial condition. Old Republic and its business segments are subject to a variety of risk factors and, within individual segments, each type of insurance coverage may be exposed to varying risk factors. The following sections set forth Old Republic's evaluation of the most prevalent material risk factors for Old Republic as a whole and for each business segment, which risks will also affect the combined company after the merger. There may be risks which Old Republic management does not presently consider to be material that may later prove to be material risk factors as well.

**Parent Company**

***Dividend Dependence and Liquidity***

Old Republic is an insurance holding company with no operations of its own. Its principal assets consist of the business conducted by its insurance subsidiaries. It relies upon dividends from such subsidiaries in order to pay the interest and principal on its debt obligations, dividends to its shareholders, and corporate expenses. The ability of the insurance subsidiaries to declare and pay dividends is subject to regulations under state laws that limit dividends based on the amount of their statutory adjusted unassigned surplus or statutory earnings, and require them to maintain minimum amounts of capital, surplus and reserves. Dividends in excess of the ordinary limitations can only be declared and paid with prior regulatory approval, of which there can be no assurance. The inability of the insurance subsidiaries to pay dividends in an amount sufficient to meet Old Republic's debt service and cash dividends on stock, as well as other cash requirements could result in liquidity issues.

***Capitalization***

Old Republic has access to various capital and liquidity resources including dividends from its subsidiaries, holding company investments, undrawn capacity under its commercial paper program, and access to debt and equity capital markets. At December 31, 2009 Old Republic's consolidated debt to equity ratio was 8.9%. This relatively low level of financial leverage is assumed to provide Old Republic with additional borrowing capacity to meet some possible future capital needs.

**Risk Factors Common to Old Republic and its Insurance Subsidiaries**

***Investment Risks***

Old Republic's invested assets and those of its subsidiaries are centrally managed through a wholly owned asset management subsidiary. Most of the investments consist of fixed maturity securities. Changes in interest rates directly

affect the income from, and the fair value of fixed maturity investments. Such changes could reduce the value of Old Republic's investment portfolio and adversely affect Old Republic's and its subsidiaries' results of operations and financial condition. A smaller percentage of total investments are in indexed funds and actively managed equities. A change in general economic conditions, the stock market, or in many other external factors could adversely affect the value of those investments and, in turn, Old Republic's, or its subsidiaries' results and financial condition. Further, Old Republic manages its fixed maturity investments by taking into account the maturities of such securities and the anticipated liquidity needs of Old Republic and its subsidiaries. Should Old Republic suddenly experience greater than anticipated liquidity needs for any reason, it could face a liquidity risk that could affect adversely its financial condition or operating results.

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### ***Excessive Losses and Loss Expenses***

Although Old Republic's business segments encompass different types of insurance, the greatest risk factor common to all insurance coverages is excessive losses due to unanticipated claims frequency, severity or a combination of both. Many of the factors affecting the frequency and severity of claims depend upon the type of insurance coverage, but others are shared in common. Severity and frequency can be affected by changes in national economic conditions, unexpectedly adverse outcomes in claims litigation, often as a result of unanticipated jury verdicts, changes in court made law, adverse court interpretations of insurance policy provisions resulting in increased liability or new judicial theories of liability, together with unexpectedly high costs of defending claims.

### ***Inadequate Reserves***

Reserves are the amounts that an insurance company sets aside for its anticipated policy liabilities. Claim reserves are an estimate of liability for unpaid claims and claims defense and adjustment expenses, and cover both reported as well as IBNR claims. It is not possible to calculate precisely what these liabilities will amount to in advance and, therefore, the reserves represent a best estimate at any point in time. Such estimates are based upon known historical loss data and expectations of future trends in claim frequency and severity, interest rates and other economic considerations. The latter are affected by a variety of factors over which insurers have little or no control and which can be quite volatile.

Reserve estimates are periodically reviewed in light of known developments and, where necessary, they are adjusted and refined as circumstances may warrant. Nevertheless, the reserve setting process is inherently uncertain. If for any of these reasons reserve estimates prove to be inadequate, Old Republic's subsidiaries can be forced to increase their reported liabilities; such an occurrence could result in a materially adverse impact on their results of operations and financial condition.

### ***Inadequate Pricing***

Premium rates are generally determined on the basis of historical data for claim frequency and severity as well as related production and other expense patterns. In the event ultimate claims and expenses exceed historically projected levels, premium rates are likely to prove insufficient. Premium rate inadequacy may not become evident quickly, may require time to correct, and, much like excessive losses can affect adversely Old Republic's business, operating results and financial condition.

### ***Liquidity Risk***

As indicated above, Old Republic manages its fixed-maturity investments with a view toward matching the maturities of those investments with the anticipated liquidity needs of its subsidiaries for the payment of claims and expenses. If a subsidiary suddenly experienced greater-than-anticipated liquidity needs for any reason, it could require an injection of funds that might not necessarily be available to meet its obligations at a point in time.

### ***Regulatory Environment***

Old Republic's insurance businesses are subject to extensive governmental regulation in all of the state and similar jurisdictions in which they operate. These regulations relate to such matters as licensing requirements, types of insurance products that may be sold, premium rates, marketing practices, capital and surplus requirements, investment limitations, underwriting limitations, dividend payment limitations, transactions with affiliates, accounting practices, taxation and other matters. While most of the regulation is at the state level, the federal government has increasingly expressed an interest in regulating the insurance business and has injected itself through the Graham-Leach-Bliley

Act, the Patriot Act, financial services regulation, changes in the Internal Revenue Code and other legislation. All of these regulations raise the costs of conducting an insurance business through increased compliance expenses. Furthermore, as existing regulations evolve through administrative and court interpretations, and as new regulations are adopted, there can be no way of predicting what impact these changes will have on Old Republic's businesses in the future, and the impact could adversely affect Old Republic's profitability and limit its growth.

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### ***Competition***

Each of Old Republic's lines of insurance business is highly competitive and is likely to remain so for the foreseeable future. Moreover, existing competitors and the capital markets have from time to time brought an influx of capital and newly-organized entrants into the industry, and changes in laws have allowed financial institutions, like banks and savings and loans, to sell insurance products. Increases in competition threaten to reduce demand for Old Republic's insurance products, reduce its market share, reduce its growth, reduce its profitability and generally adversely affect its results of operations and financial condition.

### ***Rating Downgrades***

The competitive positions of insurance companies, in general, have come to depend increasingly on independent ratings of their financial strength and claims-paying ability. The rating agencies base their ratings on criteria they establish regarding an insurer's financial strength, operating performance, strategic position and ability to meet its obligations to policyholders. A significant downgrade in the ratings of any of Old Republic's major policy-issuing subsidiaries could negatively impact their ability to compete for new business and retain existing business and, as a result, adversely affect their operations and financial condition.

### ***Financial Institutions Risk***

Old Republic's subsidiaries have significant business relationships with financial institutions, particularly national banks. The subsidiaries are the beneficiaries of a considerable amount of security in the form of letters of credit which they hold as collateral securing the obligations of insureds and certain reinsurers. Some of the banks themselves have subsidiaries that reinsure Old Republic's business. Other banks are depositories holding large sums of money in escrow accounts established by Old Republic's title subsidiaries. There is thus a risk of concentrated financial exposures in one or more such banking institutions. If any of these institutions fail or are unable to honor their credit obligations, or if escrowed funds become lost or tied up due to the failure of a bank, the result could be adverse to Old Republic's business, results of operations and financial condition.

In addition to the foregoing, the following are risk factors that are particular to each of Old Republic's three major business segments.

## **General Insurance Group**

### ***Catastrophic Losses***

While Old Republic limits the property exposures it assumes, the casualty or liability insurance it underwrites creates an exposure to claims arising out of catastrophes. The two principal catastrophe exposures are earthquakes and acts of terrorism in areas where there are large concentrations of employees of an insured employer or other individuals who could potentially be injured and assert claims against an insured under workers' compensation policies. Collateral damage to property or persons from acts of terrorism and other calamities could also expose general liability policies.

Following the September 11, 2001 terrorist attack, the reinsurance industry eliminated coverage from substantially all reinsurance contracts for claims arising from acts of terrorism. As discussed elsewhere in this report, the U.S. Congress subsequently passed TRIA, TRIREA, and TRIPRA legislation that required primary insurers to offer coverage for certified acts of terrorism under most commercial property and casualty insurance policies. Although these programs established a temporary federal reinsurance program through December 31, 2014, primary insurers like Old Republic's general insurance subsidiaries retain significant exposure for terrorist act-related losses.

***Long-Tailed Losses***

Coverage for general liability is considered long-tailed coverage. Written in most cases on an occurrence basis, it often takes longer for covered claims to be reported and become known, adjusted and settled than it does for property claims, for example, which are generally considered short-tailed. The extremely long-tailed aspect of such claims as pollution, asbestos, silicosis, manganism (welding rod fume exposure), black lung, lead paint and other

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toxic tort claims, coupled with uncertain and sometimes variable judicial rulings on coverage and policy allocation issues and the possibility of legislative actions, makes reserving for these exposures highly uncertain. While Old Republic believes that it has reasonably estimated its liabilities for such exposures to date, and that its exposures are relatively modest, there is a risk of materially adverse developments in both known and as-yet-unknown claims.

### ***Workers Compensation Coverage***

Workers compensation coverage is the second largest line of insurance written within Old Republic. The frequency and severity of claims under, and the adequacy of reserves for workers compensation claims and expenses can all be significantly influenced by such risk factors as future wage inflation in states that index benefits, the speed with which injured employees are able to return to work in some capacity, the cost and rate of inflation in medical treatments, the types of medical procedures and treatments, the cost of prescription medications, the frequency with which closed claims reopen for additional or related medical issues, the mortality of injured workers with lifetime benefits and medical treatments, the use of health insurance to cover some of the expenses, the assumption of some of the expenses by states second injury funds, the use of cost containment practices like preferred provider networks, and the opportunities to recover against third parties through subrogation. Adverse developments in any of these factors, if significant, could have a materially adverse effect on Old Republic's operating results and financial condition.

### ***Reinsurance***

Reinsurance is a contractual arrangement whereby one insurer (the reinsurer) assumes some or all of the risk exposure written by another insurer (the reinsured). Old Republic uses reinsurance to manage its risks both in terms of the amount of coverage it is able to write, the amount it is able to retain for its own account, and the price at which it is able to write it. The availability of reinsurance and its price, however, are determined in the reinsurance market by conditions beyond Old Republic's control.

Reinsurance does not relieve the reinsured company of its primary liability to its insureds in the event of a loss. It merely reimburses the reinsured company. The ability and willingness of reinsurers to honor their obligations represent credit risks inherent in reinsurance transactions. Old Republic addresses these risks by limiting its reinsurance to those reinsurers it considers the best credit risks. In recent years, however, there has been an ever decreasing number of reinsurers considered to be acceptable risks by Old Republic.

There can be no assurance that Old Republic will be able to find the desired or even adequate amounts of reinsurance at favorable rates from acceptable reinsurers in the future. If unable to do so, Old Republic would be forced to reduce the volume of business it writes or retain increased amounts of liability exposure. Because of the declining number of reinsurers Old Republic finds acceptable, there is a risk that too much reinsurance risk may become concentrated in too few reinsurers. Each of these results could adversely affect Old Republic's business, results of operations, and financial condition.

### ***Insureds as Credit Risks***

A significant amount of Old Republic's liability and workers compensation business, particularly for large commercial insureds, is written on the basis of risk sharing underwriting methods utilizing large deductibles, captive insurance risk retentions, or other arrangements whereby the insureds effectively retain and fund varying and at times significant amounts of their losses. Their financial strength and ability to pay are carefully evaluated as part of the underwriting process and monitored periodically thereafter, and their retained exposures are estimated and collateralized based on pertinent credit analysis and evaluation. Because Old Republic is primarily liable for losses incurred under its policies, the possible failure or inability of insureds to honor their retained liability represents a credit risk. Any subsequently developing shortage in the amount of collateral held would also be a risk, as would the failure or inability of a bank to

honor a letter of credit issued as collateral. These risk factors could have a material adverse impact on Old Republic's results of operations and financial condition.



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### ***Guaranty Funds and Residual Markets***

In nearly all states, licensed property and casualty insurers are required to participate in guaranty funds through assessments covering a portion of insurance claims against impaired or insolvent property and casualty insurers. Any increase in the number or size of impaired companies would likely result in an increase in Old Republic's share of such assessments.

Many states have established second injury funds that compensate injured employees for aggravation of prior injuries or conditions. These second injury funds are funded by assessments or premium surcharges.

Residual market or pooling arrangements exist in many states to provide various types of insurance coverage to those that are otherwise unable to find private insurers willing to insure them. All licensed property and casualty insurers writing such coverage voluntarily are required to participate in these residual market or pooling mechanisms.

A material increase in any of these assessments or charges could adversely affect Old Republic's results of operations and financial condition.

### ***Prior Approval of Rates***

Most of the lines of insurance underwritten by Old Republic are subject to prior regulatory approval of premium rates in a majority of the states. The process of securing regulatory approval can be time consuming and can impair Old Republic's ability to effect necessary rate increases in an expeditious manner. Furthermore, there is a risk that the regulators will not approve a requested increase, particularly in regard to workers' compensation insurance with respect to which rate increases often confront strong opposition from local business, organized labor, and political interests.

## **Mortgage Guaranty Group**

### ***Continued Material Losses***

It is likely that Old Republic's mortgage insurance segment will continue to incur material losses, particularly in its 2005 to early 2008 books of business due to the effect of the recession that began in 2007. Any decline in the rate and severity of losses will depend in part on improvements in general economic conditions, unemployment rates, and the housing, mortgage and credit markets. The timing of any such improvements cannot be accurately forecasted and there is no assurance that improvements will be uniform across all sectors. Housing values and unemployment may be the last to recover. The loan modification programs of the FDIC, Fannie Mae and Freddie Mac and some of the lenders are still in their early stages and it is unclear to what extent, if at all, such programs will reduce the rate of loan defaults and, in turn, mortgage insurance claims and losses.

### ***Premium Income and Long-Term Claim Exposures***

Mortgage insurers such as Old Republic issue long duration, guaranteed renewable policies covering multi-year periods during which exposure to loss exists. Loss exposures typically manifest themselves as recurring (normal) losses usually concentrated between the second and fifth year following issuance of anyone year's new policies. Additionally, the policies cover catastrophic aggregations of claims such as are occurring during the current recession engendered by substantial market dislocations in the housing and mortgage lending industries.

Old Republic's mortgage guaranty premiums stem principally from monthly installment policies. Substantially all such premiums are generally written and earned in the month coverage is effective. Recognition of normal or catastrophic claim costs, however, occurs only upon an instance of default, defined as an insured mortgage loan that has missed

two or more consecutive monthly payments. Accordingly, there is a risk that the GAAP revenue recognition for insured loans is not appropriately matched to the risk exposure and the consequent recognition of both normal and most significantly, future catastrophic loss occurrences which are not permitted to be currently reserved for. As a result, mortgage guaranty GAAP earnings for any individual year or series of years may be materially adversely affected, particularly by cyclical catastrophic loss events such as the mortgage insurance industry has experienced since mid year 2007. Reported GAAP earnings and financial condition form, in part, the

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basis for significant judgments and strategic evaluations made by management, analysts, investors, and other users of the financial statements issued by mortgage guaranty companies. The risk exists that such judgments and evaluations are at least partially based on GAAP financial information that does not match revenues and expenses and is not reflective of the long-term normal and catastrophic risk exposures assumed by mortgage guaranty insurers at any point in time.

### ***Inadequate Loss Reserves***

Old Republic's mortgage insurance subsidiaries establish reserves for losses and loss adjustment expenses based upon mortgage loans reported to be in default as well as estimates of those in default but not yet reported. Of necessity, the reserves are at best estimates by management, taking into consideration its judgments and assumptions regarding the housing and mortgage markets, unemployment rates and economic trends in general. During the current widespread, sustained economic downturn, loss reserve estimates become subject to greater uncertainty and volatility. The rate and severity of actual losses could prove to be greater than expected and require Old Republic to effect substantial increases in its loss reserves. Depending upon the magnitude, such increases could have a materially adverse impact on Old Republic's mortgage insurance segment and Old Republic's consolidated results of operations and financial condition. There can be no assurance that the actual losses paid by the mortgage insurance subsidiaries will not be materially greater than previously established loss reserves.

### ***Fewer Coverage Rescissions***

Old Republic's mortgage insurance subsidiaries' policy provisions permit them to rescind coverage where they find evidence that a mortgage loan did not qualify for insurance coverage or evidence of a material misrepresentation in the loan application by the borrower, the lender or the lender's agent. During the past several years, the rate of rescissions has risen dramatically. As a result, rescissions have materially reduced loss payments, and Old Republic's loss reserving estimates reflect assumptions as to the levels of rescission activity.

Some policyholders have increasingly challenged coverage rescissions, and mortgage insurers, including one of Old Republic's subsidiaries, are currently involved in litigation with policyholders regarding rescissions. It is likely that the current rates of rescission will continue or even increase and that there will be further litigation or arbitral challenges to the mortgage insurance industry's rescissions of coverage. If any of such challenges are successful with respect to Old Republic's subsidiaries, it could have a materially adverse effect on the subsidiaries' loss reserves, loss payments and their financial condition and results of operations, and potentially on the consolidated financial condition and results of Old Republic's operations. Even if such challenges are unsuccessful, the costs of addressing them would likely be substantial.

### ***Capital Adequacy***

The past several years' material increases in claims and loss payments have eroded the mortgage insurance subsidiaries' statutory capital base. Total statutory capital for mortgage guaranty insurers is defined as the sum of policyholders' surplus and the statutory contingency reserves. Sixteen states have insurance laws or regulations which require a mortgage insurer to maintain a minimum amount of statutory capital relative to the level of risk in force. While formulations of minimum capital may vary in certain states, the most common measure applied allows for a maximum permitted risk to capital ratio of 25 to 1. The failure to maintain the prescribed minimum capital level in a particular state would generally require a mortgage insurer to immediately stop writing new business until it reestablishes the required level of capital or receives a waiver of the requirement from a state's insurance regulatory authorities. Legislation permitting the issuance of such waivers has recently been enacted in North Carolina, where Old Republic's two principal mortgage insurance subsidiaries are domiciled, and eight of the other states.

It is likely that Old Republic's principal mortgage insurance subsidiary, Republic Mortgage Insurance Company (RMIC) will breach the minimum capital requirement during 2010. In anticipation of its doing so, RMIC has requested and received waivers of the minimum policyholder position requirements from insurance regulatory authorities in Arizona, Florida, Illinois, North Carolina, Oregon and Wisconsin, and has made similar requests to the insurance regulators in some of the other ten states that have similar minimum capital or maximum risk-to-capital requirements. Most of the waivers extend until July 1, 2011, but the waiver in Florida extends only

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until February 16, 2011. Most of the other states have indicated a willingness to waive their requirements as well, while some have not yet committed. For those that are willing to waive their requirements, there can be no certainty as to how long their waivers will be in place, or that they will not exercise their discretion to terminate their waivers earlier than expected, or that RMIC will again meet their capital requirements by the end of the waiver period. For those states that have not yet committed, there can be no assurance that they will waive their requirements. Absent a waiver, RMIC could be barred from writing any new business in one of these states unless and until its capital base has recovered, and there can be no certainty when or if it will recover. New insurance written in the states that have not issued a waiver to RMIC represented approximately 32% of the total for through the first quarter of 2010.

In response to the possibility that a waiver may not be granted in all cases, Old Republic has positioned another mortgage insurance subsidiary, Republic Mortgage Insurance Company of North Carolina ( RMIC NC ), to be able to possibly write business in place of RMIC if the latter is required to cease. On October 7, 2009, RMIC and RMIC NC entered into an agreement with Fannie Mae under which Fannie Mae conditionally approved RMIC NC as an eligible, Fannie Mae approved mortgage insurer in those states where RMIC becomes prohibited from writing business due to a breach of the minimum capital requirements noted above. The conditions limit the amount of business that RMIC NC would be permitted to write, and the approval is limited in duration and may be revoked by Fannie Mae at any time. On March 11, 2010, a substantially similar conditional approval was received from Freddie Mac. Accordingly, while the Fannie Mae and Freddie Mac agreements may help the mortgage insurance subsidiaries avoid a complete shutdown in certain states if RMIC's capital requirements are breached, they would not permit RMIC NC to fully replace RMIC as the segments' principal mortgage insurer.

***Diminished Role for Fannie Mae Freddie Mac***

The market for private mortgage insurance exists primarily as a result of restrictions within the federal charters of the GSEs which require an acceptable form of credit enhancement on loans purchased by the GSEs that have loan-to-value ( LTV ) ratios in excess of 80%. These institutions establish the levels of required coverage, the underwriting standards for the loans they will purchase and the loss mitigation efforts that must be followed on insured loans. Changes in any of these respects could result in a reduction of the Mortgage Guaranty Group's business or an increase in its claim costs.

In response to their deteriorating financial conditions, the GSEs were taken over and placed in conservatorship under the Federal Housing Finance Agency ( FHFA ) in September 2008. As their conservator, the FHFA could change the GSEs' business practices with respect to mortgage credit enhancement, or new federal legislation prompted by the increasing role of the federal government in the residential mortgage market could alter their charters or restructure the GSEs in ways that may reduce or eliminate the purchase of private mortgage insurance. Any such changes could have a material adverse effect on Old Republic's subsidiaries and the entire mortgage insurance industry.

***Competition***

Competition is always a risk factor and comes not only from the five other mortgage insurers which comprise the industry, but also from the Federal Housing Administration ( FHA ) as well as the GSEs and the insured mortgage lenders themselves. Beginning in 2008, the volume of business underwritten by private mortgage insurers began to decrease generally as a result of more restrictive underwriting guidelines, increased premium rates, and changes to the pricing policies of the GSEs. These changes, coupled with certain changes to the FHA's guidelines, resulted in a significant increase in the FHA's insured volume and its share of the market for mortgage default protection.

Other competitive risk factors faced by Old Republic's mortgage insurance subsidiaries stem from certain credit enhancement alternatives to private mortgage insurance. These include:

the retention of mortgage loans on an uninsured basis in the lender's portfolio of assets;  
capital markets utilizing alternative credit enhancements.

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***Regulation and Litigation***

The possibly adverse effect of litigation and regulation are ever present risk factors. Captive reinsurance and other risk participating structures with mortgage lenders have been challenged in recent years as potential violations of the Real Estate Settlement Procedures Act ( RESPA ). From time to time, the U.S. Department of Housing and Urban Development has considered adopting RESPA regulations which would have adversely impacted mortgage insurance by requiring that the premiums be combined with all other settlement service charges in a single package fee. The recently proposed Consumer Financial Protection Agency would include new regulations for mortgage insurance. The industry is already subject to detailed regulation by the states' insurance regulatory authorities, compliance with which is costly. The recent losses suffered by the industry have resulted in greater regulatory scrutiny and burdens for Old Republic's subsidiaries and the industry as a whole. Any regulatory changes affecting capital requirements or reserving requirements could potentially have a material adverse effect on Old Republic's mortgage insurance subsidiaries.

**Title Insurance Group**

***Housing and Mortgage Lending Markets***

The principal risk factor for the title insurance segment has been the sharp decline in residential real estate activity that began in 2006. The tightening and collapse of credit markets, the collapse of the housing market, the general decline in the value of real property, rising unemployment and the uncertainty and negative trends in general economic conditions have created a difficult operating environment for Old Republic's title insurance subsidiaries. Depending upon their ultimate severity and duration, these conditions could have a materially adverse effect on the subsidiaries' financial conditions and results of operation over the near term and longer. The impact of these conditions has been somewhat mitigated both by lower mortgage interest rates, leading to an increase in mortgage refinancings and by an increase in the number of agents producing business for Old Republic's title insurance subsidiaries.

***Competition***

Business comes to title insurers primarily by referral from real estate agents, lenders, developers and other settlement providers. The sources of business lead to a great deal of competition among title insurers. Although the top four title insurance companies during 2009 accounted for about 92% of industry-wide premium volume, there are numerous smaller companies representing the remainder at the regional and local levels. The smaller companies are an ever-present competitive risk in the regional and local markets where their business connections can give them a competitive edge. Moreover, there is almost always competition among the major companies for key employees, especially those who are engaged in the production side of the business.

***Regulation and Litigation***

Regulation is also a risk factor for title insurers. The title insurance industry has recently been, and continues to be, under regulatory scrutiny in a number of states with respect to pricing practices, and alleged RESPA violations and unlawful rebating practices. The regulatory investigations could lead to industry-wide reductions in premium rates and escrow fees, the inability to get rate increases when necessary, as well as to changes that could adversely affect Old Republic's ability to compete for or retain business or raise the costs of additional regulatory compliance.

As with Old Republic's other business segments, litigation poses a risk factor. Litigation is currently pending in a number of states in actions against the title industry alleging violations of rate applications in those states with respect to title insurance issued in certain mortgage refinancing transactions and violations of federal anti-trust laws in settling and filing premium rates.





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### ***Other Risks***

Inadequate title searches are among the risk factors faced by the entire industry. If a title search is conducted thoroughly and accurately, there should theoretically never be a claim. When the search is less than thorough or complete, title defects can go undetected and claims result.

To a lesser extent, fraud is also a risk factor for all title companies—sometimes in the form of an agent's or an employee's defalcation of escrowed funds, sometimes in the form of fraudulently issued title insurance policies.

### **Risks Relating to PMA's Business**

The existing business of PMA is subject to significant risks. The risks affecting PMA's business are described in Item 1A of its Form 10-K for the year ended December 31, 2009, which is incorporated herein by reference. We anticipate that these risks will continue to apply to PMA's businesses following the merger.

### **Risks Relating to the Pending Merger**

***The announcement and pendency of the merger could have an adverse effect on Old Republic's or PMA's stock prices, businesses, financial conditions, results of operations or business prospects.***

The announcement and pendency of the merger could disrupt PMA's and/or Old Republic's businesses in the following ways, among others:

employees may experience uncertainty regarding their future roles with the combined company, which might adversely affect PMA's and/or Old Republic's ability to retain, recruit and motivate key personnel;

the attention of PMA and/or Old Republic management may be directed toward the completion of the merger and transaction-related considerations and may be diverted from the day-to-day business operations of their respective companies, and matters related to the merger may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to Old Republic or PMA; and

third parties with business relationships with Old Republic or PMA may seek to terminate and/or renegotiate their relationships with Old Republic or PMA as a result of the merger, whether pursuant to the terms of their existing agreements with PMA and/or Old Republic or otherwise.

The merger agreement also restricts PMA from engaging in certain actions and taking certain actions without Old Republic's approval, which could prevent PMA from pursuing opportunities that may arise prior to the closing of the merger or termination of the merger agreement.

Any of these matters could adversely affect either or both companies' respective businesses, financial conditions, results of operations, prospects and stock prices.

***Because the market price of Old Republic common stock will fluctuate, PMA shareholders cannot be sure of the exchange ratio or the precise value of the merger consideration.***

Under the terms of the merger agreement, Old Republic will issue to PMA's shareholders 0.55 shares of Old Republic common stock for each share of PMA class A common stock, subject to a collar. Under the collar, the exchange ratio could be as low as 0.50 shares of Old Republic common stock for each share of PMA class A common stock or as

high as 0.60 shares of Old Republic common stock for each share of PMA class A common stock. In addition, the price of Old Republic common stock issuable in the merger may vary from the price on the date that the parties entered into the merger agreement, on the date that the parties announced the merger, at the effective time of the merger, and on the date that you receive the merger consideration. Changes in the Old Republic stock price and stock prices of Old Republic and PMA generally may result from a variety of factors, including general market, economic and political conditions, changes in the parties' respective businesses, operations and prospects, regulatory considerations, legal proceedings and developments, market assessments of the benefits of the merger and the likelihood that the merger will be consummated and the timing of such consummation, the prospects of post-merger operations and other factors. Many of these factors are beyond Old Republic's control. Accordingly,

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at the time of the PMA special meeting, PMA shareholders will not be able to calculate the precise value of the merger consideration that they would receive upon completion of the merger.

### ***Many of the anticipated benefits of combining Old Republic and PMA may not be realized.***

Old Republic and PMA entered into the merger agreement with the expectation that the merger would result in various benefits including, among other things, synergies, cost savings and operating efficiencies. The success of the merger will depend, in part, on Old Republic's ability to realize these anticipated benefits and cost savings from combining the businesses of Old Republic and PMA. However, to realize these anticipated benefits and cost savings, Old Republic must successfully combine the businesses of Old Republic and PMA. If Old Republic is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

Old Republic and PMA have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could take longer than anticipated and could result in the loss of key employees or the disruption of each company's ongoing businesses, which could adversely affect Old Republic's ability to achieve the anticipated benefits of the merger. Old Republic may have difficulty coordinating the operations and personnel of two geographically separated companies and addressing possible differences in corporate cultures and management philosophies. Integration efforts between the two companies will also divert management attention and resources. These integration activities could have an adverse effect on the businesses of both Old Republic and PMA during the transition period. The integration process is subject to a number of uncertainties. Although Old Republic's plans for integration are focused on minimizing those uncertainties to help achieve the anticipated benefits, no assurance can be given that these benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect Old Republic's future business, financial condition, operating results and prospects. In addition, Old Republic may not be able to eliminate duplicative costs or realize other efficiencies from integrating the businesses to offset part or all of the transaction and merger-related costs incurred by Old Republic and PMA.

### ***Any delay in completing the merger may substantially reduce the benefits expected to be obtained from the merger.***

The merger is subject to a number of conditions beyond the control of PMA and Old Republic that may prevent, delay or otherwise materially adversely affect its completion. See The Merger Agreement Conditions to Completion of the Merger. Old Republic and PMA cannot predict whether or when the conditions required to complete the merger will be satisfied. The requirements for obtaining the required clearances and approvals could delay the effective time of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger may materially adversely affect the synergies and other benefits that Old Republic and PMA expect to achieve if the merger and the integration of their respective businesses are completed within the expected timeframe.

### ***Failure to complete the merger could negatively affect the stock prices and the future business and financial results of Old Republic and PMA.***

If the merger is not completed, the ongoing businesses of Old Republic or PMA may be adversely affected and Old Republic and PMA will be subject to several risks, including the following:

having to pay certain significant costs relating to the merger without receiving the benefits of the merger;

the attention of management of Old Republic and PMA will have been diverted to the merger instead of on each company's own operations and pursuit of other opportunities that could have been beneficial to that company; and

resulting negative customer perception could adversely affect the ability of Old Republic and PMA to compete for, or to win, new and renewal business in the marketplace.

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If the merger is not completed, PMA's ability to reach a resolution with the Pennsylvania Insurance Department with respect to the Department's examination of PMA's insurance subsidiaries as of December 31, 2007 will be adversely impacted. See *The Merger* PMA's Reasons for the Merger Resolution of Pennsylvania Insurance Department Examination. Based on recent discussions with representatives of the Department, in order to resolve the outstanding issues as a stand alone organization, PMA will need to engage in administrative and legal review processes which, irrespective of their ultimate outcome, will likely hinder the long-term and day-to-day continuity of PMA's business operations and, in the interim, potentially have a negative impact on the financial ratings of its insurance subsidiaries. PMA cannot predict how long the processes would take or whether it would ultimately be successful. In the event that PMA is unsuccessful in its administrative and legal appeals, PMA could be required to take actions, such as increasing its loss and loss adjustment expense reserves, that would materially and adversely affect its business, financial condition and results of operations.

***Old Republic and PMA will incur substantial transaction and merger-related costs in connection with the merger.***

Old Republic and PMA expect to incur a number of substantial non-recurring transaction fees and other costs associated with completing the merger, combining the operations of the two companies and achieving desired synergies. Additional unanticipated costs may be incurred in the integration of the businesses of Old Republic and PMA.

***Directors and officers of PMA have certain interests that are different from those of PMA shareholders generally.***

Executive officers of PMA negotiated the terms of the merger agreement and the PMA board of directors approved the merger agreement and recommends that PMA shareholders vote in favor of the proposal to adopt the merger agreement. Nine officers of PMA have management agreements with PMA that provide for severance payments and the acceleration of existing equity awards if the executive officer's employment with PMA is terminated following a change in control transaction. The merger will constitute a change in control transaction. While it is a condition to the completion of the merger that Vincent Donnelly and six of these officers shall have delivered written voluntary terminations of these agreements, there can be no assurance that they will do so, in which event Old Republic would not be obligated to complete the merger.

Following completion of the merger, one of the independent directors of PMA will join Old Republic's board of directors as a Class 2 director. In addition, restricted shares held by non-employee directors of PMA will vest upon completion of the merger. These severance arrangements, directorship positions and equity awards are different from or in addition to the interests of PMA shareholders in the company. PMA shareholders should take into account such interests when they consider the PMA board of directors' recommendation that the PMA shareholders vote for adoption of the merger agreement. For a discussion of the interests of directors and executive officers in the merger, see *The Merger* Interests of PMA Officers and Directors in the Merger.

***In certain circumstances, the merger agreement requires payment of a termination fee of \$8 million by PMA to Old Republic and, under certain circumstances, PMA must allow Old Republic 3 business days to match any alternative acquisition proposal prior to any change in the PMA board's recommendation. These terms could discourage a third party from proposing an alternative transaction to the merger.***

Under the merger agreement, PMA may be required to pay to Old Republic a termination fee of \$8 million if the merger agreement is terminated under certain circumstances. Should the merger agreement be terminated in circumstances under which such a termination fee is payable, the payment of this fee could have material and adverse consequences to the financial condition and operations of PMA. Additionally, under the merger agreement, in the event of a potential change by the PMA board of directors of its recommendation with respect to the merger, PMA

must allow Old Republic 3 business days to make a revised proposal, prior to which the PMA board of directors may not change its recommendation with respect to the merger agreement. These terms could affect the structure, pricing and terms proposed by other parties seeking to acquire or merge with PMA, and could make it more difficult for another party to make a superior acquisition proposal for PMA. For a description of the termination rights of each party and the termination fee payable by PMA under the merger agreement, see [The Merger Agreement Termination of the Merger Agreement](#) and [The Merger Agreement Termination Fees and Expenses](#).

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***Old Republic's and PMA's shareholders will be diluted by the merger.***

The merger will dilute the ownership position of the current shareholders of Old Republic. Old Republic will issue a maximum of approximately 19,884,057 shares of Old Republic common stock pursuant to the merger based on the number of outstanding shares of PMA class A common stock on July 30, 2010 and assuming conversion of all of PMA's 4.25% Convertible Debt and the exercise of all outstanding options to purchase shares of PMA class A common stock (which options, if unexercised, will be converted pursuant to the merger into options to acquire shares of Old Republic common stock). In addition, a maximum of approximately 573,871 shares of Old Republic common stock will be issuable in connection with outstanding PMA restricted share units that will be converted pursuant to the merger into restricted share units of Old Republic (the "As-Converted Award Shares"). After the effective time of the merger, Old Republic shareholders and PMA shareholders will own approximately 92.2% and 7.8%, respectively, of Old Republic on a fully diluted basis based on the outstanding shares of Old Republic common stock and PMA class A common stock on July 30, 2010 and assuming the issuance of the maximum number of As-Converted Award Shares.

***The date that PMA shareholders will receive their merger consideration is uncertain.***

The completion of the merger is subject to adoption by PMA shareholders and the satisfaction or waiver of certain other conditions. While PMA and Old Republic currently expect to complete the merger near the end of the third quarter of 2010, such completion date could be later than expected due to delays in receiving such adoption or satisfying the conditions to closing. Accordingly, neither PMA nor Old Republic can provide PMA shareholders with a definitive date on which they will receive the merger consideration.

***The market price of Old Republic common stock after the merger may be affected by factors different from those affecting PMA class A common stock currently.***

If the merger is completed, holders of PMA class A common stock will become holders of Old Republic common stock. The results of operations and market price of Old Republic common stock may be affected by factors different from those currently affecting the results of operations and market prices of PMA class A common stock. These factors include:

- a greater number of shares outstanding;
- different shareholders;
- different businesses, including with respect to the types of business written, geographical areas of operation and underwriting guidelines; and
- different assets, including investment portfolios, and capitalizations.

Accordingly, the historical market prices and financial results of PMA, which PMA shareholders considered when investing in PMA, may not be indicative of the market prices and financial results for the combined company after the merger.

***The market price of Old Republic common stock and Old Republic's earnings per share may decline as a result of the merger.***

The market price of Old Republic common stock may decline as a result of, among other things, the merger if Old Republic does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or

industry analysts or if the effect of the merger on Old Republic's financial results is not consistent with the expectations of financial or industry analysts. In addition, the failure to achieve expected benefits and unanticipated costs relating to the merger could reduce Old Republic's future earnings per share.

In addition, following the merger, shareholders of Old Republic and former shareholders PMA will own interests in a company operating an expanded business with more assets and a different mix of liabilities. Current shareholders of Old Republic and shareholders of PMA may not wish to continue to invest in Old Republic, or for other reasons may wish to dispose of some or all of their interests in Old Republic. If, following the merger, large amounts of Old Republic's common stock are sold, the price of its common stock could decline.



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***Certain provisions of Old Republic's corporate documents could make a future acquisition of Old Republic more difficult.***

The existence of some provisions in Old Republic's certificate of incorporation and by-laws, as currently in effect, as well as its shareholders' rights plan described below, could discourage potential proposals to acquire Old Republic, delay or prevent a change in control of Old Republic or limit the price that investors may be willing to pay in the future for shares of Old Republic common stock. As Old Republic shareholders, former PMA shareholders will be subject to the provisions of Old Republic's corporate governing documents which could make it more difficult to effect a change of control of Old Republic, including:

the ability of Old Republic's board of directors to issue and set the terms of preferred stock without the approval of Old Republic's shareholders;

the ability of Old Republic's board of directors to adopt, amend or repeal Old Republic's by-laws;

the staggered nature of Old Republic's board of directors;

the potential restrictions on the ability of a 10% holder of Old Republic common stock to complete a business combination with Old Republic;

the application of Section 203 of the General Corporation Law of the State of Delaware ( "DGCL" ) to Old Republic, which may limit the ability of an interested shareholder to engage in a business combination with Old Republic; and

restrictions on the rights of shareholders to submit proposals to be considered at shareholders' meetings.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF PMA**

Set forth below is certain selected historical consolidated financial data relating to PMA. The financial data has been derived from the unaudited financial statements filed as part of PMA's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and the audited financial statements filed as part of PMA's Annual Report on Form 10-K for the year ended December 31, 2009. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in that Form 10-Q and Form 10-K, each of which is incorporated by reference into this proxy statement/prospectus. More comprehensive financial information, including management's discussion and analysis of PMA's financial condition and results of operations, is contained in other documents filed by PMA with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See "Where You Can Find More Information" below.

	Q1 2010	Q1 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
	(Dollar amounts in thousands, except per share data)(1)						
<b>Premiums</b>							
<b>Premiums Written</b>	\$ 171,905	\$ 164,070	\$ 561,266	\$ 528,915	\$ 524,172	\$ 455,756	\$ 428,100
<b>Adjusted Revenues:</b>							
Premiums earned	\$ 103,496	\$ 104,930	\$ 414,771	\$ 390,217	\$ 378,243	\$ 367,403	\$ 355,100
Service revenues							
Commission income	20,975	19,147	78,471	69,754	37,039	27,853	28,000
Investment income	9,120	8,457	36,876	36,069	39,592	35,851	35,000
Realized investment (losses)	426	749	514	(4,724)	563	1,239	1,000
Other revenues	392	176	1,083	2,841	340	244	200
<b>Consolidated Revenues</b>	\$ 134,409	\$ 133,459	\$ 531,715	\$ 494,157	\$ 455,777	\$ 432,590	\$ 419,300
<b>Components of net income (loss)(2):</b>							
Operating income							
Insurance							
Real Estate Business(3)	\$ 14,267	\$ 15,187	\$ 43,050	\$ 46,713	\$ 38,045	\$ 26,082	\$ 15,000
Other	2,305	2,013	7,208	7,205	3,724	2,802	2,000
Other	(4,366)	(5,000)	(19,127)	(20,651)	(19,564)	(21,580)	(20,000)
Operating income	12,206	12,200	31,131	33,267	22,205	7,304	17,000
Tax expense							
Operating income	4,389	4,384	(9,357)(4)	11,730	7,822	2,783	2,000

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ing income (loss)	7,817	7,816	40,488	21,537	14,383	4,521	
ized investment osses) after tax	277	487	334	(3,071)	366	805	
(loss) from ing operations om discontinued ns, net of tax	8,094	8,303	40,822	18,466	14,749	5,326	
		(86)	(19,609)	(12,777)	(57,277)	(1,275)	
<b>ome (loss)</b>	<b>\$ 8,094</b>	<b>\$ 8,217</b>	<b>\$ 21,213</b>	<b>\$ 5,689</b>	<b>\$ (42,528)</b>	<b>\$ 4,051</b>	<b>\$ (2,000)</b>
<b>are Data:</b>							
ed average shares:	32,199,378	31,956,183	32,133,970	31,820,173	32,169,287	32,238,278	31,680,000
	32,260,938	32,020,346	32,186,402	32,038,781	32,578,025	32,731,360	31,680,000
(loss) per share:							
ing Operations	\$ 0.25	\$ 0.26	\$ 1.27	\$ 0.58	\$ 0.46	\$ 0.17	\$ 0.17
inued Operations			(0.61)	(0.40)	(1.78)	(0.04)	(0.04)
	\$ 0.25	\$ 0.26	\$ 0.66	\$ 0.18	\$ (1.32)	\$ 0.13	\$ 0.13
ing Operations	\$ 0.25	\$ 0.26	\$ 1.27	\$ 0.58	\$ 0.45	\$ 0.16	\$ 0.16
inued Operations			(0.61)	(0.40)	(1.76)	(0.04)	(0.04)
	\$ 0.25	\$ 0.26	\$ 0.66	\$ 0.18	\$ (1.31)	\$ 0.12	\$ 0.12
lders equity per	\$ 12.96	\$ 10.91	\$ 12.46	\$ 10.78	\$ 11.92	\$ 12.83	\$ 12.83
<b>dated Financial</b>							
<b>ts:</b>							
vestments	\$ 857,738	\$ 786,307	\$ 862,653	\$ 772,241	\$ 815,331	\$ 786,344	\$ 760,000
sets from							
ing operations	2,409,711	2,317,778	2,362,739	2,259,053	2,205,985	1,991,709	1,991,709
sets	2,409,711	2,553,043	2,362,739	2,502,716	2,581,641	2,666,407	2,880,000
losses and LAE	1,274,006	1,256,435	1,269,685	1,242,258	1,212,956	1,152,704	1,160,000
	137,445	129,380	143,380	129,380	131,262	131,211	190,000
lders equity	418,130	351,270	401,797	344,656	378,584	419,093	400,000

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- (1) Unless specifically identified, amounts exclude discontinued operations.
- (2) Operating income (loss), which PMA defines as GAAP net income (loss) excluding net realized investment gains (losses) and results from discontinued operations, is the financial performance measure used by PMA's management and Board of Directors to evaluate and assess the results of PMA's businesses. Net realized investment activity is excluded because (i) net realized investment gains and losses are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments and (ii) in many instances, decisions to buy and sell securities are made at the holding company level, and such decisions result in net realized gains and losses that do not relate to the operations of the individual segments. Accordingly, PMA reports pre-tax operating income (loss) by segment in Note 16 of PMA's Consolidated Financial Statements included in PMA's annual report on Form 10-K incorporated into this proxy statement/prospectus by reference. Operating income (loss) does not replace net income (loss) as the GAAP measure of PMA's consolidated results of operations.
- (3) As a result of PMA's acquisition of Midlands Management Corporation ( Midlands ) in 2007, the combined operating results of PMA Management Corp. and Midlands have been reported in a new reporting segment, Fee-based Business. The results of PMA Management Corp. were previously included with the results of The PMA Insurance Group. For comparative purposes, the financial results of The PMA Insurance Group and PMA Management Corp. have been reclassified in all prior periods to reflect this change. The combined operating results for Fee-based Business also include those of PMA Management Corp. of New England, Inc., which PMA acquired in June 2008.
- (4) In 2009, PMA reduced the valuation allowance on PMA's deferred tax assets by \$20.0 million, which resulted in an income tax benefit.

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**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION OF OLD REPUBLIC**

The unaudited pro forma condensed combined financial statements ( pro forma financial statements ) that follow combine the historical accounts of Old Republic and PMA. The pro forma balance sheet as of March 31, 2010 therefore shows the combined financial position of Old Republic and PMA as if the merger of the two companies had occurred on that date. Similarly, the pro forma statements of income for the year ended December 31, 2009 and for the three months ended March 31, 2010 reflect the companies combined results of operations as if their merger had occurred as of January 1, 2009. These pro forma financial statements should be read in conjunction with:

The accompanying notes to the pro forma financial statements;

Old Republic s and PMA s separate unaudited historical consolidated financial statements as of and for the three months ended March 31, 2010 included in their respective March 31, 2010 Reports on Form 10-Q; and

Old Republic s and PMA s separate audited historical consolidated financial statements as of and for the year ended December 31, 2009 included in their respective 2009 Reports on Form 10-K.

The pro forma financial statements have been prepared for informational purposes only. The financial position and results shown therein are not necessarily indicative of what the past financial position and results of operations of the two combined companies would have been, or those of their post merger periods.

**Table of Contents****Unaudited Pro Forma Condensed Combined Balance Sheet**

	At March 31, 2010				
	Historical Old Republic	Historical PMA	Pro Forma Adjustments (\$ in millions)	Notes	Pro Forma Old Republic
<b>ASSETS</b>					
<b>Investments:</b>					
Fixed maturity securities, at fair value	\$ 8,352.2	\$ 800.6	\$		\$ 9,152.8
Equity securities, at fair value	631.4				631.4
Short-term investments, at fair value	783.5	25.9			809.4
Other investments	31.2	31.2			64.4
Total investments	9,798.5	857.7			10,656.2
<b>Other Assets:</b>					
Cash	74.9	13.6	(6.0)	2(k)	82.5
Accrued investment income	112.5	7.7			120.2
Accounts and notes receivable	794.4	275.1			1,069.5
Federal income tax recoverable:					
Current	0.4				0.4
Deferred		131.0	(121.8)	2(d)	9.2
Prepaid federal income taxes	136.0				136.0
Reinsurance balances and funds held	130.7	61.6			192.3
Reinsurance recoverable	2,595.8	880.1			3,475.9
Deferred policy acquisition costs	202.0	44.8	(44.8)	2(b)(i),2(e)	202.0
Goodwill and intangible assets	169.0	29.6	(29.6)	2(c)	169.0
Sundry assets	226.2	108.5			334.7
Total Assets	\$ 14,240.9	\$ 2,409.7	\$ (202.2)		\$ 16,448.4
<b>LIABILITIES, AND COMMON SHAREHOLDERS EQUITY</b>					
<b>Liabilities:</b>					
Losses, claims, and settlement expenses	\$ 7,774.8	\$ 1,274.0	\$		\$ 9,048.8
Unearned premiums	1,041.7	270.1	(44.8)	2(e)	1,267.0
Other policyholders' benefits and funds	185.8	5.9			191.7
Total policy liabilities and accruals	9,002.3	1,550.0	(44.8)		10,507.5
Commissions, expenses, fees, taxes, and other	456.6	238.5			695.1
Reinsurance balances and funds	335.8	65.7			401.5
Federal income tax payable:					

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Deferred Debt	102.8		(102.8)	2(d)	
	347.2	137.4			484.6
<b>Total Liabilities</b>	<b>10,245.0</b>	<b>1,991.6</b>	<b>(147.6)</b>		<b>12,089.0</b>
<b>Common Shareholders Equity:</b>					
Common stock	241.0	171.1	(153.3)	2(j),2(l)	258.8
Additional paid-in capital	416.2	111.9	99.5	2(j),2(l)	627.6
Retained earnings	2,911.8	163.8	(29.5)	2(i),2(k),2(l)	3,046.1
Accumulated other comprehensive income (loss)	468.3	(5.9)	5.9	2(l)	468.3
Unallocated ESSOP shares (at cost)	(41.5)				(41.5)
Treasury stock (at cost)		(22.8)	22.8	2(l)	
<b>Total Common Shareholders Equity</b>	<b>3,995.8</b>	<b>418.1</b>	<b>(54.6)</b>		<b>4,359.3</b>
<b>Total Liabilities, and Common Shareholders Equity</b>	<b>\$ 14,240.9</b>	<b>\$ 2,409.7</b>	<b>\$ (202.2)</b>		<b>\$ 16,448.4</b>

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Income**

For the Three Months Ended March 31, 2010

	<b>Historical Old Republic</b>		<b>Historical PMA</b>		<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Old Republic</b>
	(\$ in millions, except share data)						
<b>Revenues:</b>							
Net premiums earned	\$ 752.3		\$ 103.5		\$		\$ 855.8
Title, escrow, and other fees	76.1						76.1
Total premiums and fees	828.5		103.5				932.0
Net investment income	96.2		9.1				105.3
Other income	4.8		21.4				26.2
Total operating revenues	929.6		134.0				1,063.6
Realized investment gains	2.9		0.4				3.3
Total revenues	932.6		134.4				1,067.0
<b>Benefits, Claims and Expenses:</b>							
Benefits, claims and settlement expenses	491.6		75.1				566.7
Dividends to policyholders	2.5		0.5				3.0
Underwriting, acquisition, and other expenses	400.6		43.7				444.3
Interest and other charges	6.5		2.5				9.0
Total expenses	901.3		121.8				1,023.1
Income before income taxes (credits)	31.2		12.6				43.8
<b>Income Taxes (Credits):</b>							
Current	11.4		0.2				11.6
Deferred	(5.2)		4.3				(0.9)
Total	6.2		4.5				10.7
<b>Net Income from Continuing Operations</b>	<b>\$ 25.0</b>		<b>\$ 8.1</b>		<b>\$</b>		<b>\$ 33.1</b>
<b>Net Income Per Share from Continuing Operations:</b>							
Basic	\$ 0.11		\$ 0.25				\$ 0.13
Diluted	\$ 0.11		\$ 0.25				\$ 0.13



Average shares outstanding:				
Basic	236,387,779	32,199,378	17,709,658	254,097,437
Diluted	236,462,231	32,260,938	17,743,516	254,205,747

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Income**

	<b>For the Year Ended December 31, 2009</b>				
	<b>Historical Old Republic</b>	<b>Historical PMA</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Old Republic</b>
	(\$ in millions, except share data)				
<b>Revenues:</b>					
Net premiums earned	\$ 3,111.5	\$ 414.8	\$		\$ 3,526.3
Title, escrow, and other fees	277.4				277.4
Total premiums and fees	3,388.9	414.8			3,803.7
Net investment income	383.5	36.9			420.4
Other income	24.8	79.5			104.3
Total operating revenues	3,797.2	531.2			4,328.4
Realized investment gains	6.3	0.5			6.8
Total revenues	3,803.6	531.7			4,335.3
<b>Benefits, Claims and Expenses:</b>					
Benefits, claims and settlement expenses	2,591.0	291.2			2,882.2
Dividends to policyholders	7.8	8.7			16.5
Underwriting, acquisition, and other expenses	1,454.0	190.4			1,644.4
Interest and other charges	24.2	9.8			34.0
Total expenses	4,077.2	500.1			4,577.3
Income (loss) before income taxes (credits)	(273.6)	31.6			(242.0)
<b>Income Taxes (Credits):</b>					
Current	56.5	0.3			56.8
Deferred	(230.9)	(9.5)			(240.4)
Total	(174.4)	(9.2)			(183.6)
<b>Net Income (Loss) from Continuing Operations</b>	\$ (99.1)	\$ 40.8	\$		\$ (58.3)
<b>Net Income (Loss) Per Share from Continuing Operations:</b>					
Basic	\$ (0.42)	\$ 1.27			\$ (0.23)
Diluted	\$ (0.42)	\$ 1.27			\$ (0.23)

Average shares outstanding:				
Basic	235,657,425	32,133,970	17,673,684	253,331,109
Diluted	235,657,425	32,186,402	17,673,684	253,331,109

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

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**NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS  
(\$ in millions, except share data)**

**Note 1 Basis of Presentation**

On June 9, 2010, Old Republic International Corporation (Old Republic) entered into an agreement and plan of merger with PMA Capital Corporation (PMA). The unaudited pro forma condensed combined balance sheet reflects the merger as if it had occurred on March 31, 2010. The unaudited pro forma condensed combined statements of income for the year ended December 31, 2009 and for the three months ended March 31, 2010 reflect the merger as if it had occurred as of January 1, 2009. These pro forma financial statements have been prepared by Old Republic management, after discussion with PMA's management and are based on historical consolidated financial statements for Old Republic and PMA. Certain amounts from PMA's historical consolidated financial statements have been reclassified to conform to the Old Republic presentation.

The unaudited pro forma condensed combined statements of income do not include any financial benefits, asset dispositions, revenue enhancements or operating expense efficiencies which could arise from the merger.

**Note 2 Pro forma Adjustments**

Pursuant to the merger agreement, Old Republic will issue 0.55 shares of Old Republic common stock in exchange for each outstanding common share of PMA Capital. Depending on the Old Republic measurement price, the exchange ratio may be adjusted upwards or downwards, but will not exceed 0.60 or be less than 0.50. For purposes of the pro forma financial statements, an exchange ratio of 0.55 is assumed. For financial accounting purposes, the merger will be recorded as a purchase of PMA by Old Republic. The purchase method of accounting requires that the acquired company's identifiable assets and liabilities be recorded at their estimated fair value as of the date of acquisition. Old Republic will therefore make necessary fair value adjustments to PMA's asset and liability accounts as of the acquisition date in consideration of the following factors:

- (a) The use of then current market values to establish the fair value of investment securities, and of independently appraised values attributable to certain fixed assets such as office buildings;
- (b) The conformance of PMA's accounting policies to Old Republic's in the valuation of various assets and liabilities. The adjustments most likely to be made in these regards will apply to:
  - (i) Estimated deferred acquisition costs;
  - (ii) Loss and loss adjustment expense reserve estimates and related amounts recoverable from reinsurers to reflect variations in discount rates and the amount and timing of future payments on such reserves; and
  - (iii) Pension liabilities and stock based compensation;
- (c) The elimination of PMA carried goodwill and intangible assets, substituting therefor any goodwill amount resulting from allocation of the purchase price to individual assets, including identifiable intangible assets, and liabilities;
- (d) The adjustment of deferred income tax asset balances to reflect limitations on the amount of PMA's net operating loss carry forward that can inure to the merged businesses. (The adjustment shown in the accompanying pro forma balance sheet reflects a reclassification of Old Republic's net deferred tax liability); and

(e) The reduction of deferred acquisition costs to their estimated fair value and the adjustment of the unearned premium liability to fair value, determined as the undiscounted liability less unamortized deferred acquisition costs.

**Table of Contents****NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS (Continued)**

Following the merger, Old Republic also anticipates that it will make the following more significant changes to PMA's operating and financial management model:

(f) Reconfigure a substantial portion of PMA's investment portfolio to align it with Old Republic's investment management practices in regard to such factors as type, quality, and maturity distribution of fixed maturity securities holdings;

(g) Change PMA's external reinsurance ceded practices to adhere more closely to Old Republic's in regard to such matters as amount of exposures retained, type and financial standing of approved assuming reinsurers, and type of risk transfer reinsurance programs; and

(h) Reduce the PMA insurance companies' operating and balance sheet leverage through internal reinsurance arrangements with several Old Republic General Insurance Group subsidiaries acting as companion risk carriers.

The changes contemplated at (f), (g), and (h) could also have an effect on several purchase date adjustments noted above, and on PMA's financial position and operating results subsequent to the acquisition date.

In the accompanying pro forma balance sheet, the preliminary estimated purchase price has been calculated by using the quoted market value per share of Old Republic on July 9, 2010. This purchase price will be adjusted subsequently to reflect the quoted market value of the Old Republic common shares as of the acquisition's effective date.

**Calculation of Preliminary Estimated Purchase Price**

PMA shares outstanding as of July 9, 2010	32,280,474
Estimated exchange ratio	0.55
Total Old Republic shares to be issued	17,754,260
Old Republic closing share price on July 9, 2010	\$ 12.85
Estimated purchase price before adjustments for stock based compensation	\$ 228.1
Estimated fair value of PMA options outstanding as of July 9, 2010	\$ 1.1
Estimated purchase price	\$ 229.2

(i) The July 9, 2010 valuation of the Old Republic shares exchangeable for PMA's stock, when compared to the latter's reported shareholders' equity account as of March 31, 2010, as adjusted for certain preliminary purchase adjustments, largely accounts for the preliminary negative goodwill balance (\$140.3) which would be recorded as a gain on bargain purchase upon closing of the merger. Accordingly, such amount is reflected as an increase in retained earnings in the pro forma balance sheet. Preliminary negative goodwill will be adjusted based upon the final purchase price allocation as of the closing date of the merger.

(j) In connection with the merger, 17,754,260 Old Republic shares are expected to be issued in exchange for all of PMA's common shares and common shares issued following vesting of PMA restricted shares.

(k) Total transaction costs currently estimated at \$6.0 will be incurred and expensed by the consolidated entity. Consequently an adjustment of \$6.0 was recorded to cash and to retained earnings as of March 31, 2010 to reflect the estimated transaction costs.

(l) Elimination of PMA's common stock of \$171.1, additional paid-in capital of \$111.9, retained earnings of \$163.8, other comprehensive loss of \$5.9, and treasury stock of \$22.8.

As noted above, the accompanying pro forma financial statements were prepared using the quoted market price of \$12.85 per share of Old Republic, the closing price on July 9, 2010, and an exchange ratio of 0.55 shares of Old Republic common stock for each share of PMA class A common stock. The exchange ratio may be adjusted to a

**Table of Contents****NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS (Continued)**

minimum of 0.50 or maximum of 0.60 depending on the Old Republic measurement price (see The Merger Agreement Terms of the Merger below). The effect of an increase in Old Republic's stock price to \$18.70 per share, or an decrease to \$11.46 per share, assuming the minimum and maximum exchange ratios, on the estimated purchase price and pro forma common shareholders' equity is as follows:

	<b>Minimum</b>	<b>Maximum</b>
Exchange ratio	0.50	0.60
Old Republic's assumed share price at closing	\$ 18.70	\$ 11.46
Estimated purchase price	\$ 302.9	\$ 223.1
Increase (decrease) to pro forma shareholders' equity: Common stock	\$ (1.7)	\$ 1.6
Additional paid-in capital	\$ 75.4	\$ (7.7)
Retained earnings	\$ (73.7)	\$ 6.1

As discussed above, pro forma purchase adjustments are based on certain estimates and assumptions made as of the date of the pro forma financial information. The actual adjustments will depend on a number of factors, including changes in the estimated fair value of net balance sheet assets and operating results of PMA between March 31, 2010 and the effective date of the merger. Old Republic expects to make such adjustments at the effective date of the merger. These adjustments are likely to be different from the adjustments made to prepare the pro forma financial statements and such differences may be material.

**Note 3 Debt**

The historical and pro forma debt of Old Republic and PMA is summarized as follows:

	<b>As of March 31, 2010</b>		
	<b>Historical Old Republic</b>	<b>Historical PMA</b>	<b>Pro forma Old Republic</b>
8.00% Convertible Senior Notes due 2012	\$ 316.2	\$	\$ 316.2
ESSOP debt with an average yield of 3.73%	25.8		25.8
Trust preferred debt		62.5	62.5
8.50% Senior Notes due 2018		54.9	54.9
Surplus notes		10.0	10.0
Notes payable		10.0	10.0
4.25% Convertible debt due 2022			
Other miscellaneous debt	5.1		5.1
	\$ 347.2	\$ 137.4	\$ 484.6



**Note 4 Earnings per Common Share**

Pro forma earnings per common share for the three months ended March 31, 2010 and the year ended December 31, 2009 have been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis. The pro forma weighted average number of common shares outstanding was derived using Old Republic's historical weighted average common shares outstanding and PMA's historical weighted average common shares outstanding multiplied by the exchange ratio.

**Table of Contents****NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS (Continued)**

The following table sets forth the calculation of basic and diluted earnings per share for the three months ended March 31, 2010:

Historical PMA basic weighted average common shares outstanding	32,199,378
Exchange Ratio	0.55
Pro forma PMA basic weighted average common shares outstanding	17,709,658
Historical Old Republic basic weighted average common shares outstanding	236,387,779
Pro forma Old Republic basic weighted average common shares outstanding	254,097,437
Historical PMA diluted weighted average common shares outstanding	32,260,938
Exchange Ratio	0.55
Pro forma PMA diluted weighted average common shares outstanding	17,743,516
Historical Old Republic diluted weighted average common shares outstanding	236,462,231
Pro forma Old Republic diluted weighted average common shares outstanding	254,205,747
Pro forma Old Republic net income from continuing operations	\$ 33.1
Pro forma Old Republic net income per share from continuing operations:	
Basic	\$ 0.13
Diluted	\$ 0.13

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2009:

Historical PMA basic weighted average common shares outstanding	32,133,970
Exchange Ratio	0.55
Pro forma PMA basic weighted average common shares outstanding	17,673,684
Historical Old Republic basic weighted average common shares outstanding	235,657,425
Pro forma Old Republic basic weighted average common shares outstanding	253,331,109
Pro forma Old Republic diluted weighted average common shares outstanding	253,331,109*
Pro forma Old Republic net loss from continuing operations	\$ (58.3)
Pro forma Old Republic net loss per share from continuing operations:	
Basic	\$ (0.23)

Diluted \$ (0.23)\*

\* Common share equivalents have been excluded from diluted earnings per share calculations because their effect would be antidilutive.

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**NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS (Continued)**

**Note 5 Book Value per Share**

The following table sets forth the calculation of book value per share as of March 31, 2010. The pro forma number of common shares outstanding was determined as if the shares issued, pursuant to the merger, had been issued and outstanding as of March 31, 2010.

	<b>Historical Old Republic</b>	<b>Pro Forma Old Republic</b>
<b>Book value per common share calculation</b>		
Total shareholders' equity	\$ 3,995.8	\$ 4,359.3
Shares	236,466,473	254,204,589
Book value per common share	\$ 16.90	\$ 17.15

**Table of Contents****COMPARATIVE PER SHARE DATA**

The historical per share earnings, dividends, and book value of Old Republic and PMA shown in the table below are derived from their respective audited consolidated financial statements as of and for the year ended December 31, 2009 and their respective unaudited financial statements for the three months ended March 31, 2010. The pro forma comparative basic and diluted earnings per share and dividends per share data give effect to the merger using the purchase method of accounting as if the merger had been completed on January 1, 2009 for the year ended December 31, 2009 and for the three months ended March 31, 2010. The pro forma book value per share information was computed as if the merger had been completed on March 31, 2010. You should read this information in conjunction with the historical financial information of Old Republic and of PMA included or incorporated elsewhere in this proxy statement/prospectus, including Old Republic's and PMA's financial statements and related notes. The per share pro forma information assumes that all shares of PMA class A common stock are converted into shares of Old Republic common stock at the exchange ratio. The pro forma information presented below is for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have been achieved if the merger had been completed as of the beginning of the period presented, nor is it necessarily indicative of the future operating results or financial position of Old Republic after the merger.

The PMA pro forma equivalent per share amounts are calculated by multiplying the applicable Old Republic pro forma combined amount by the exchange ratio of 0.55 shares of Old Republic common stock for each share of PMA class A common stock.

	For the Three Months Ended March 31, 2010				For the Year Ended December 31, 2009			
	Old Republic		PMA		Old Republic		PMA	
	Pro		Pro		Pro		Pro	
	Historical	Forma Combined	Historical	Equivalent	Historical	Forma Combined	Historical	Equivalent
Basic earnings per share from continuing operations	\$ 0.11	\$ 0.13	\$ 0.25	\$ 0.07	\$ (0.42)	\$ (0.23)	\$ 1.27	\$ (0.13)
Diluted earnings per share from continuing operations	\$ 0.11	\$ 0.13	\$ 0.25	\$ 0.07	\$ (0.42)	\$ (0.23)	\$ 1.27	\$ (0.13)
Dividends declared	\$ 0.1725	\$ 0.1725		\$ 0.09	\$ 0.68	\$ 0.68		\$ 0.37
Book value per share	\$ 16.90	\$ 17.15	\$ 12.96	\$ 9.43	\$ 16.49	N/A	\$ 12.46	N/A

**COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION**

Old Republic's common stock is listed on the NYSE under the symbol ORI. PMA's class A common stock is listed on the Nasdaq Global Select Market under the symbol PMACA. The following table presents closing prices for shares of Old Republic common stock and PMA class A common stock on June 9, 2010, the last trading day before the public announcement of the execution of the merger agreement by Old Republic and PMA, and July 30, 2010, the latest practicable trading day before the date of this proxy statement/prospectus.

	<b>Old Republic Common Stock</b>	<b>PMA Class A Common Stock</b>
June 9, 2010	\$ 12.91	\$ 6.11
July 30, 2010	\$ 12.51	\$ 6.71

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The table below sets forth, for the calendar quarters indicated, the high and low sale prices per share of Old Republic common stock on the NYSE and per share of PMA class A common stock on the Nasdaq Global Select Market, and cash dividends declared for each quarterly period presented.

		Old Republic			PMA		
		High	Low	Cash Dividends	High	Low	Cash Dividends
1st quarter	2007	\$ 23.74	\$ 21.38	\$ .15	\$ 9.77	\$ 8.40	\$
2nd quarter	2007	22.69	20.95	.16	11.40	9.12	
3rd quarter	2007	21.91	16.56	.16	11.17	8.63	
4th quarter	2007	\$ 19.57	\$ 13.57	\$ .16	\$ 10.69	\$ 8.05	\$
1st quarter	2008	\$ 15.96	\$ 11.85	\$ .16	\$ 9.14	\$ 7.45	\$
2nd quarter	2008	15.55	11.84	.17	10.23	8.24	
3rd quarter	2008	17.25	9.19	.17	12.00	8.00	
4th quarter	2008	\$ 12.99	\$ 6.77	\$ .17	\$ 9.47	\$ 3.46	\$
1st quarter	2009	\$ 12.80	\$ 7.24	\$ .17	\$ 7.20	\$ 3.50	\$
2nd quarter	2009	12.18	8.75	.17	5.35	3.70	
3rd quarter	2009	12.85	8.98	.17	6.33	4.27	
4th quarter	2009	\$ 12.49	\$ 10.03	\$ .17	\$ 7.44	\$ 4.64	\$
1st quarter	2010	\$ 12.75	\$ 10.02	\$ .1725	\$ 6.89	\$ 5.60	\$

Old Republic and PMA urge PMA shareholders to obtain current market quotations for shares of Old Republic common stock and PMA class A common stock before making any decision regarding the adoption of the merger agreement. No assurance can be given concerning the market price for Old Republic common stock before or after the date on which the merger is consummated. The market price for Old Republic common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is consummated and thereafter. See The Merger Agreement Terms of the Merger.

As of July 29, 2010, there were 2,609 registered holders of Old Republic's common stock. See Note 3(c) of the Notes to Consolidated Financial Statements for the year ended December 31, 2009 for a description of certain regulatory restrictions on the payment of dividends by Old Republic's insurance subsidiaries.

**Table of Contents****COMPARATIVE FIVE YEAR PERFORMANCE GRAPHS FOR COMMON STOCK****Old Republic**

The following table, prepared on the basis of market and related data furnished by Standard & Poor's Total Return Service, reflects total market return data for the most recent five calendar years ended December 31, 2009. For purposes of the presentation, the information is shown in terms of \$100 invested at the close of trading on the last trading day preceding the first day of the fifth preceding year. The \$100 investment is deemed to have been made either in Old Republic common stock, in the S&P 500 Index of common stocks, or in an aggregate of the common shares of the Peer Group of publicly held insurance businesses selected by Old Republic. The cumulative total return assumes reinvestment of cash dividends on a pretax basis.

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

**Comparison of Five Year Total Market Return  
OLD REPUBLIC INTERNATIONAL CORPORATION vs. S&P 500 vs. Peer Group  
(For the five years ended December 31, 2009)**

	<b>Dec 04</b>	<b>Dec 05</b>	<b>Dec 06</b>	<b>Dec 07</b>	<b>Dec 08</b>	<b>Dec 09</b>
ORI	\$ 100.00	\$ 110.52	\$ 125.81	\$ 86.11	\$ 70.30	\$ 63.08
S&P 500	100.00	104.91	121.48	128.16	80.74	102.11
Peer Group	100.00	115.44	132.48	122.50	95.42	106.94

The Peer Group consists of the following publicly held corporations selected by the Company for its 2004 to 2009 comparison: Ace Limited, American Financial Group, Inc., The Chubb Corporation, Cincinnati Financial Corporation, First American Corporation, Stewart Information Services Corporation, MGIC Investment Corporation, Markel Corporation, PMI Group Inc., Travelers Companies, Inc., and XL Capital Ltd.

The composition of the Peer Group companies has been approved by Old Republic's compensation committee.



**Table of Contents****PMA**

The following graph provides an indicator of cumulative total shareholder return on PMA's class A common stock for the last five fiscal years compared with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500), the Standard & Poor's Supercomposite Property/Casualty Insurance Index (the S&P Super P/C) and the Standard & Poor's 600 Insurance Property/Casualty Index (the S&P 600 P/C) for the same periods. The graph assumes that with respect to PMA's class A common stock, the S&P 500, the S&P Super P/C and the S&P 600 P/C, \$100 was invested on December 31, 2004, and all dividends were reinvested.

**Cumulative Total Return**

	<b>12/31/2004</b>	<b>12/31/2005</b>	<b>12/31/2006</b>	<b>12/31/2007</b>	<b>12/31/2008</b>	<b>12/31/2009</b>
PMA Capital	\$ 100.00	\$ 88.21	\$ 89.08	\$ 79.42	\$ 68.41	\$ 60.87
S&P 500	100.00	104.83	121.20	127.85	81.12	102.15
S&P Super P/C	100.00	116.61	130.75	113.56	88.06	93.15
S&P 600 P/C	100.00	126.59	139.64	122.88	113.63	97.86

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document contains certain forward-looking information about Old Republic and PMA and the combined company that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus or may be incorporated into this proxy statement/prospectus by reference to other documents and may include statements for the period after the completion of the merger. Representatives of Old Republic and PMA may also make forward-looking statements. Forward-looking statements are statements that are not historical facts. Words such as expect, believe, will, may, anticipate, plan, estimate, intend, should, can, likely, could and are intended to identify forward-looking statements. These statements include statements about the expected benefits of the merger, information about the combined company's objectives, plans and expectations, the likelihood of satisfaction of certain conditions to the completion of the merger and whether and when the merger will be completed. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of the management of each of Old Republic and PMA and are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond Old Republic's and PMA's control. These include, but are not limited to, quarterly variations in operating results, adverse changes in economic conditions in the markets served by Old Republic or PMA or by their customers, estimates and assumptions in determining financial results, and the other risks described under the caption Risk Factors in this proxy statement/prospectus, in Old Republic's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the three months ended March 31, 2010 and in PMA's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the three months ended March 31, 2010.

Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

- the ability to consummate the merger;
- the ability to integrate the operations of Old Republic and PMA;
- the amount and timing of any cost savings synergies or other efficiencies expected to result from the merger;
- the effects of competition in our markets;
- the current economic condition and expected trends in the industries we serve;
- the various risks and other factors considered by the respective boards of Old Republic and PMA as described under The Merger PMA's Reasons for the Merger, The Merger Recommendations of the PMA Board of Directors with Respect to the Merger and The Merger Old Republic's Reasons for the Merger ;
- the impact of political, regulatory and rating agency developments;
- future and pro forma financial condition or results of operations and future revenues and expenses; and
- business strategy and other plans and objectives for future operations.

Should one or more of the risks or uncertainties described above or elsewhere in this proxy statement/prospectus, in Old Republic's Annual Report on Form 10-K for the year ended December 31, 2009 or Quarterly Report on

Form 10-Q for the three months ended March 31, 2010 or in PMA's Annual Report on Form 10-K for the year ended December 31, 2009 or Quarterly Report on Form 10-Q for the three months ended March 31, 2010 occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Old Republic, PMA or persons acting on their behalf may issue.

In light of these risks and uncertainties, the results anticipated by the forward-looking statements discussed in this proxy statement/prospectus or made by representatives of Old Republic or PMA may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof

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or, in the case of statements incorporated by reference, on the date of the document incorporated by reference, or, in the case of statements made by representatives of Old Republic or PMA, on the date those statements are made. All subsequent written and oral forward-looking statements concerning the merger or the combined company or other matters addressed in this proxy statement/prospectus and attributable to Old Republic or PMA or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither Old Republic nor PMA undertakes any obligation to update or publish revised forward-looking statements to reflect events or circumstances after the date hereof or the date of the forward-looking statements or to reflect the occurrence of unanticipated events.

## **THE MERGER**

*The following is a description of the material aspects of the background and history behind the merger. This description may not contain all of the information that is important to you. You are encouraged to carefully read this entire proxy statement/prospectus, including the merger agreement attached hereto as Annex A, for a more complete understanding of the merger.*

### **Background of the Merger**

PMA's board of directors and senior management regularly review and consider business alternatives that would enhance shareholder value, including strategic alternatives and opportunities for organic growth. From time to time, PMA has evaluated strategic options in light of the business trends and regulatory conditions impacting it or expected to impact it and the insurance industry.

In the fall of 2008, PMA's Chief Executive Officer, Chief Financial Officer and board had discussions about various strategic alternatives and capital markets initiatives that would enhance PMA's ability to implement its strategic plan. Recognizing the challenges facing PMA including general uncertainty with respect to the sale of PMA's run-off operations, challenges inherent in being a smaller publicly-traded insurance company, extreme negative economic conditions and rating agency pressures, PMA's senior management and board held periodic telephonic and in-person meetings with Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ), its financial advisor, to discuss generally PMA's competitive position and capital raising opportunities and strategic alternatives that might be available to PMA. On March 28, 2008, PMA entered a stock purchase agreement in which it agreed to sell several subsidiaries with reinsurance run-off operations. The sale of the run-off operations was subject to the approval of the Pennsylvania Insurance Department. During 2008, the Pennsylvania Insurance Department commenced its review of the loss and loss adjustment expense reserves in connection with the periodic financial examination of PMA's insurance and reinsurance subsidiaries for the five years ended December 31, 2007.

On September 17, 2008, BofA Merrill Lynch made a presentation to the board which included an overview of the current market environment, PMA's position in the insurance industry and an overview of capital raising and strategic alternatives available to PMA. Following the presentation, PMA's Chief Executive Officer and the board requested that BofA Merrill Lynch undertake a formal evaluation of strategic alternatives. Among other things, the board asked BofA Merrill Lynch to develop a timeline and list of potential merger candidates to be approached if a sale transaction became a viable alternative.

From October through December 2008, BofA Merrill Lynch provided the board, in-person and telephonically, market updates and additional information on potential merger candidates. BofA Merrill Lynch also discussed the ability of PMA to access the private and public equity and debt markets.

On December 12, 2008, PMA's board held a telephonic meeting. At this meeting, which was also attended by PMA's Chief Financial Officer and General Counsel and representatives from BofA Merrill Lynch, the board discussed

possible divestitures, a sale of PMA and capital raising strategies for PMA, including the potential processes and timelines. During the meeting, the board considered PMA's ongoing discussions with A.M. Best and the Pennsylvania Department of Insurance regarding PMA's sale of its run-off operations. BofA Merrill Lynch made a presentation to the board that included an overview of the then current market conditions, a detailed timeline and a list of potential merger candidates if the board decided to pursue a sale transaction.

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Throughout January and February 2009, PMA's board and senior management continued exploring capital raising and strategic alternatives with BofA Merrill Lynch, including the possible sale of PMA.

On February 19, 2009, PMA's board held a meeting, which was also attended by PMA's Chief Financial Officer and General Counsel. Management reviewed the status of its discussions with A.M. Best regarding PMA's sale of the run-off operations and explained the possible impact on PMA's financial strength ratings if the sale was not completed. Management and the board also discussed the Pennsylvania Insurance Department's review of the sale of the run-off operations and potential outcomes that could result from the review. At this meeting, management and the board also discussed the status of PMA's capital markets and strategic initiatives. Given the continued uncertainty surrounding the sale of the run-off operations, the discussion focused on alternatives in the event that the sale of the run-off operations was not completed.

On March 20, 2009, PMA's board held a telephonic meeting, which meeting was attended by PMA's Chief Financial Officer and General Counsel. Management reviewed the status of the sale of the run-off operations and advised the board of their communications with the Pennsylvania Insurance Department regarding the sale. Management then reported to the board that the Pennsylvania Insurance Department had hired an actuarial firm to review the reserves of PMA's insurance subsidiaries. According to the Department, the results of that preliminary analysis questioned the reasonableness of the insurance subsidiaries' loss reserves. Management explained that it was in the process of reviewing the draft analysis and that numerous errors and questionable assumptions were apparent based on the review to date. At the meeting, PMA's Chief Executive Officer noted that, given the circumstances, PMA's capital markets and strategic initiatives were being suspended.

On May 6, 2009, PMA's board held a meeting that was also attended by PMA's Chief Financial Officer and General Counsel. Management reported on the status of the sale of the run-off operations and a potential framework that was discussed between management and the Pennsylvania Insurance Department for finalizing the sale of the run-off operations. The board and management discussed the proposed framework, alternatives to selling the run-off operations and potential ramifications if the sale was not completed. The board authorized management to proceed with the sale of the run-off operations based on the terms described in the framework proposed by the Department.

In early June 2009, A.M. Best placed the ratings of PMA and its subsidiaries under review with negative implications as a result of the delay in the sale of PMA's run-off operations and the potential impact to PMA's capital position when the transaction closed. PMA and the buyer of the run-off operations held discussions and communicated that each remained committed to the sale and PMA believed that the sale would close based on the revised framework discussed between PMA and the Department in May. As a result, management, in consultation with the board, determined that the time was appropriate to resume its exploration of alternatives with respect to capital raising and other strategic initiatives.

During June 2009, PMA's board instructed BofA Merrill Lynch to have preliminary discussions with a select list of potential partners to determine their level of interest in pursuing a transaction with PMA. After receiving confirmation of interest from five of the six parties contacted, the board authorized BofA Merrill Lynch to share additional information and schedule conversations and meetings between the potential partners and PMA's senior management team.

On June 5, 2009, PMA's board held a telephonic meeting, which meeting was also attended by PMA's Chief Financial Officer and General Counsel, to discuss a recent ratings press release by A.M. Best and communications with the Pennsylvania Insurance Department regarding the sale of PMA's run-off operations.

On June 29, 2009, BofA Merrill Lynch had a call with members of Old Republic's senior management and discussed the current merger and acquisition environment which included an overview of PMA.

Beginning in July 2009 and continuing through March 2010, BofA Merrill Lynch spoke with 17 potential partners with PMA's approval. A total of seven parties indicated that they were interested in exploring a potential transaction with PMA, and six of those parties executed confidentiality agreements with PMA and received confidential information.