

Consolidated Statements of CashFlows

Investors Title Company and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the Years Ended December 31, 2000, 1999 and 1998

| | 2000 | 1999 | 1998 |
|---|---------------------|---------------------|---------------------|
| Operating Activities: | | | |
| Net income | \$ 3,140,463 | \$ 4,420,394 | \$ 5,459,509 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 794,689 | 470,843 | 393,026 |
| Amortization (accretion), net | (1,312) | 34,195 | (4,141) |
| Provision (benefit) for losses on premiums receivable | (50,000) | - | 425,000 |
| Provision for equipment disposal | - | - | 280,000 |
| (Gain) loss on disposals of property | (4,523) | 45,216 | (16,182) |
| Net realized gain on sales of investments | (104,211) | (418,395) | (398,610) |
| Provision (benefit) for deferred income taxes | 149,987 | 6,390 | (1,238,097) |
| Provision for claims | 5,865,355 | 6,026,064 | 8,094,950 |
| Payments of claims, net of recoveries | (3,785,355) | (3,524,064) | (2,354,425) |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in receivables and other assets | 50,734 | 1,421,796 | (2,237,678) |
| Increase in accounts payable and accrued liabilities | 357,098 | 302,134 | 189,430 |
| Increase (decrease) in commissions and reinsurance payables | 14,143 | 124,007 | (11,643) |
| Increase (decrease) in premium taxes payable | (20,618) | (257,269) | 124,030 |
| Increase (decrease) in current income taxes payable | 729,506 | (912,787) | 182,269 |
| Net cash provided by operating activities | 7,135,956 | 7,738,524 | 8,887,438 |
| Investing Activities: | | | |
| Purchases of available-for-sale securities | (7,497,294) | (6,036,921) | (4,354,272) |
| Purchases of held-to-maturity securities | - | (100,986) | (1,025,057) |
| Proceeds from sales of available-for-sale securities | 3,347,164 | 1,948,391 | 2,880,022 |
| Proceeds from sales of held-to-maturity securities | 192,000 | 808,886 | 575,974 |
| Purchases of property | (484,151) | (3,077,730) | (1,187,008) |
| Proceeds from disposals of property | 33,825 | 24,520 | 30,928 |
| Net cash used in investing activities | (4,408,456) | (6,433,840) | (3,079,413) |
| Financing Activities: | | | |
| Repurchases of common stock, net | (2,103,947) | (1,706,271) | (374,845) |
| Exercise of options | 15,830 | 157,219 | 227,686 |
| Dividends paid | (342,689) | (342,689) | (342,689) |
| Net cash used in financing activities | (2,430,806) | (1,891,741) | (489,848) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 296,694 | (587,057) | 5,318,177 |
| Cash and Cash Equivalents, Beginning of Year | 7,554,297 | 8,141,354 | 2,823,177 |
| Cash and Cash Equivalents, End of Year | \$ 7,850,991 | \$ 7,554,297 | \$ 8,141,354 |
| Supplemental Disclosures: | | | |
| Cash Paid During the Year for: | | | |
| Income taxes (net of refunds) | \$ 240,000 | \$ 2,947,000 | \$ 3,293,000 |

Noncash Financing Activities:

Bonuses and fees totaling \$126,850, \$191,623 and \$144,594 were paid for the twelve months ended December 31, 2000, 1999 and 1998 respectively, by issuance of the Company's common stock.

See notes to consolidated financial statements.