

# The Value of First American

[ THIRD QUARTER 2008 EARNINGS REVIEW ]

October 30, 2008



*The First American Corporation*

# Safe Harbor Statement

Certain statements made in this presentation, including those relating to potential sources for and uses of holding company cash, the performance of the real estate market for the next two quarters, cost savings from employee reductions, facility closures, business line reorganizations and data center restructuring, expected employee reductions, facility closures and other expense reduction efforts, the commercial title market in 2008, the outlook for the Company's title insurance operations, benefits from operational initiatives at the Information Solutions company, opportunities resulting from the TARP program and the effects of changes at the Company's ELS business, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These and other forward-looking statements may contain the words "believe", "anticipate", "expect", "plan", "predict", "estimate", "project", "will be", "will continue", "will likely result" or other similar words or phrases. Risks and uncertainties exist that may cause results to differ materially from those set forth in these forward-looking statements. Factors that could cause the anticipated results to differ from those described in the forward-looking statements include: interest rate fluctuations; changes in the performance of the real estate markets; limitations on access to public records and other data; general volatility in the capital markets; changes in applicable government regulations; heightened scrutiny by legislators and regulators of the Company's title insurance segment and certain other of the Company's businesses; consolidation among the Company's significant customers and competitors; changes in the Company's ability to integrate businesses which it acquires; systems interruptions and intrusions; the Company's inability to realize the benefits of its offshore strategy; product migration; the inability to ultimately consummate the spin-off transaction as a result of, among other factors, the inability to obtain necessary regulatory approvals or the failure to obtain the final approval of the Company's board of directors; the inability to recognize the benefits of the spin-off transaction as a result of, among other factors, unexpected corporate overhead costs, unfavorable reaction from customers, employees, ratings agencies or other interested persons, the triggering of rights and obligations by the spin-off, accommodations required to be made to obtain consents or waivers or the inability to transfer assets into the entity being spun-off; and other factors described in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2007, as updated in Part II, Item 1A of the Company's quarterly reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2008, in each case as filed with the Securities and Exchange Commission. The forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.



# Use of Non-GAAP Financial Measures

This slide presentation contains certain financial measures that are not presented in accordance with generally accepted accounting principles (GAAP). The Company is presenting these non-GAAP financial measures because they provide the Company's management and investors with additional insight into the operational performance of the Company relative to earlier periods and relative to the Company's competitors. The Company does not intend for these non-GAAP financial measures to be a substitute for any GAAP financial information. In the slide presentation these non-GAAP financial measures have been presented with, and reconciled to, the most directly comparable GAAP financial measures. Investors should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures.



# Recent Highlights

- **Operating cash flow of \$115.4 million in Q3 2008**
- **Title Insurance adjusted pretax margin of 3.2%<sup>(a)</sup>**
- **Data and Analytic Solutions segment adjusted pretax margin of 10.9%<sup>(a)</sup>**
- **Information and Outsourcing Solutions segment adjusted pretax margin of 17.7%<sup>(a)</sup>**
- **Loss provision rate for title insurance of 7.1%**
- **Default-related businesses experiencing strong growth**
- **Continued progress on company-wide expense reductions**
- **Salaries and other personnel costs decreased by \$137.4 million, or 21% relative to the prior year**



# Consolidated Earnings Summary

(\$ in millions, except per share data)						Q3 2008	Q3 2008
	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Variance	Variance
<b>Revenues:</b>							
Direct	\$ 1,076.4	\$ 1,193.5	\$ 1,139.2	\$ 1,175.9	\$ 1,297.3	(17.0)%	(9.8)%
Agent	434.3	470.9	453.2	589.3	685.1	(36.6)%	(7.8)%
	<u>\$ 1,510.7</u>	<u>\$ 1,664.4</u>	<u>\$ 1,592.4</u>	<u>\$ 1,765.2</u>	<u>\$ 1,982.4</u>	(23.8)%	(9.2)%
Investment <sup>(a)</sup>	53.6	55.8	67.6	79.1	71.6	(25.1)%	(3.9)%
Total revenues <sup>(a)</sup>	<u>\$ 1,564.3</u>	<u>\$ 1,720.2</u>	<u>\$ 1,660.0</u>	<u>\$ 1,844.3</u>	<u>\$ 2,054.0</u>	(23.8)%	(9.1)%
<b>Expenses:</b>							
Salaries and other <sup>(b)</sup>	\$ 498.8	\$ 557.0	\$ 575.5	\$ 624.7	\$ 641.5	(22.2)%	(10.4)%
Agent retention	345.0	372.9	361.2	468.9	547.0	(36.9)%	(7.5)%
Other Operating <sup>(c)</sup>	437.6	473.1	445.0	502.3	507.8	(13.8)%	(7.5)%
Loss provision <sup>(d)</sup>	121.9	114.9	107.1	107.3	137.2	(11.2)%	6.1%
Dep. and amort.	60.0	59.7	57.5	59.7	55.0	9.1%	0.5%
Premium taxes	12.5	12.3	12.0	14.2	16.1	(22.4)%	1.6%
Interest	15.1	13.6	19.4	17.8	22.1	(31.7)%	11.0%
Total expenses	<u>\$ 1,490.9</u>	<u>\$ 1,603.5</u>	<u>\$ 1,577.7</u>	<u>\$ 1,794.9</u>	<u>\$ 1,926.7</u>	(22.6)%	(7.0)%
<b>Adjusted Pretax Income<sup>(e)</sup></b>	<u>\$ 73.4</u>	<u>\$ 116.7</u>	<u>\$ 82.3</u>	<u>\$ 49.4</u>	<u>\$ 127.3</u>	(42.3)%	(37.1)%
+ Net Realized Investment (Losses) Gains	(50.2)	(41.3)	(5.9)	26.2	(2.9)		
- Employee Separation Costs	14.9	5.9	2.1	4.7	9.6		
- Facilities and Other Restructuring Charges	7.5	5.9	4.6	4.9	6.8		
- Reserve Strengthening	-	-	-	122.3	-		
<b>GAAP Pretax Income (Loss)</b>	<u>\$ 0.8</u>	<u>\$ 63.6</u>	<u>\$ 69.7</u>	<u>\$ (56.3)</u>	<u>\$ 108.0</u>	(99.3)%	(98.7)%
Minority interest	\$ 10.2	\$ 17.1	\$ 18.1	\$ 28.5	\$ 20.0	(49.0)%	(40.4)%
Income taxes (benefit) provision	(1.0)	26.9	22.1	(17.4)	41.4	(102.4)%	(103.7)%
<b>Net (Loss) Income</b>	<u>\$ (8.4)</u>	<u>\$ 19.6</u>	<u>\$ 29.5</u>	<u>\$ (67.4)</u>	<u>\$ 46.6</u>	(118.0)%	(142.9)%
<b>EPS Diluted</b>	\$ (0.09)	\$ 0.21	\$ 0.32	\$ (0.74)	\$ 0.49	(120.0)%	(150.0)%
<b>Capital Expenditures</b>	\$ 35.3	\$ 33.6	\$ 43.8	\$ 58.7	\$ 48.0	(26.5)%	5.1%
<b>Operating Cashflow</b>	\$ 115.4	\$ 71.2	\$ (154.3)	\$ 202.1	\$ 245.7	(53.0)%	62.1%

(a) Excludes all net realized investment (losses) gains; see reconciliation in the appendix

(b) Excludes employee separation costs; see reconciliation in the appendix

(c) Excludes lease termination costs; see reconciliation in the appendix

(d) Excludes loss reserve strengthening; see reconciliation in the appendix

(e) Excludes net realized investment (losses) gains, employee separation costs, lease termination costs and loss reserve strengthening



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# Pro Forma Balance Sheet Summary

As of September 30, 2008

(\$ in thousands)

<b>Assets</b>	<b>Financial Services</b>	<b>Information Solutions</b>	<b>Consolidated</b>
Cash and investments	\$ 2,817,787	\$ 438,600	\$ 3,256,387
Others assets	1,348,050	1,206,699	2,554,749
Goodwill & intangibles	833,768	2,101,064	2,934,832
<b>Total Assets</b>	<b>\$ 4,999,605</b>	<b>\$ 3,746,363</b>	<b>\$ 8,745,968</b>
<b>Liabilities and Equity</b>			
Debt	\$ 336,162	\$ 699,198	\$ 1,035,360
Minority interest	21,355	650,186	671,541
Other liabilities	3,160,022	971,198	4,131,220
Equity	1,482,066	1,425,781	2,907,847
<b>Total Liabilities and Equity</b>	<b>\$ 4,999,605</b>	<b>\$ 3,746,363</b>	<b>\$ 8,745,968</b>
<b>Debt/Total Capitalization</b>	<b>18.3%</b>	<b>25.2%</b>	<b>22.4%</b>



# Liquidity Summary

(\$ in millions)

## Potential Sources of Holding Company Cash for remainder of 2008

Cash at Holding Company (10/29/08)	\$ 65
Dividends & Advances from Insurance Subsidiaries	125
FARES Profit Distributions	25
Management Fees	8
<b>Total Sources</b>	<b>\$ 223</b>

## Projected Uses of Holding Company Cash for remainder of 2008

Principal & Interest Payments	\$ 8
Cash Expenses	18
<b>Total Uses</b>	<b>\$ 26</b>

Notes: The Company has a \$500 million revolving credit facility of which \$160 million was available as of October 29, 2008. In addition, the holding company owns 30.4 million shares of First Advantage Corporation with a market value of \$248.1 million as of October 29, 2008.

The dividend declared in the third quarter was paid in October. Any potential dividend declared in the fourth quarter will be paid in January.



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# Financial Services Pro Forma Earnings

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
Operating revenue	\$ 1,036,745	\$ 1,154,952	\$ 1,076,027	\$ 1,277,090	\$ 1,446,751	(28.3)%	(10.2)%
Investment	(9,118)	(959)	46,700	(10,766)	53,250	(117.1)%	(850.8)%
Total revenues	<u>\$ 1,027,627</u>	<u>\$ 1,153,993</u>	<u>\$ 1,122,727</u>	<u>\$ 1,266,324</u>	<u>\$ 1,500,001</u>	(31.5)%	(11.0)%
Salaries and other operating	\$ 1,038,346	\$ 1,133,289	\$ 1,094,050	\$ 1,441,131	\$ 1,429,973	(27.4)%	(8.4)%
Depreciation and amort.	23,038	23,467	20,999	23,709	20,607	11.8%	(1.8)%
Interest	5,457	1,677	8,163	5,026	8,910	(38.8)%	225.4%
Total expenses	<u>\$ 1,066,841</u>	<u>\$ 1,158,433</u>	<u>\$ 1,123,212</u>	<u>\$ 1,469,866</u>	<u>\$ 1,459,490</u>	(26.9)%	(7.9)%
Pretax (loss) income <sup>(a)</sup>	\$ (39,214)	\$ (4,440)	\$ (485)	\$ (203,542)	\$ 40,511	(196.8)%	(783.2)%
Minority interest	322	2,104	1,337	1,880	106	203.8%	(84.7)%
Income taxes (benefit) provision	(19,751)	(3,773)	(784)	(42,112)	19,031	(203.8)%	(423.5)%
Net (loss) income	<u>\$ (19,785)</u>	<u>\$ (2,771)</u>	<u>\$ (1,038)</u>	<u>\$ (163,310)</u>	<u>\$ 21,374</u>	(192.6)%	(614.0)%
Net realized investment (losses) gains	\$ (46,371)	\$ (39,306)	\$ 884	\$ (64,217)	\$ (3,363)	(1278.8)%	(18.0)%
Capital Expenditures	16,897	11,387	15,816	22,553	16,078	5.1%	48.4%

Note: Pro forma earnings represent actual results for the Title Insurance and Services and Specialty Insurance segments adjusted for estimated allocation of net corporate expenses

(a) Income (loss) before income taxes and minority interest expense



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# Title Insurance Results

- Total revenues in the third quarter decreased 32.5% compared to the third quarter of 2007
- Salaries and other personnel costs
  - Decreased 25.5% over prior year
  - 1,250 employee reductions during the third quarter
  - Annualized savings of \$65.9 million due to reductions
  - Severance costs of \$8.6 million
- Other operating expenses
  - Decreased 20.0% over prior year
  - 68 office closures during the second quarter
  - Annualized savings of \$6.3 million due to office closures
  - Lease termination costs of \$5.5 million
- International title revenue for the third quarter totaled \$102.9 million, a 16.9% decrease over the prior year. Pretax margin for the International title business was 5.8% for the third quarter



# Title Insurance Results

(\$ in millions)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> Variance	<u>Q3 2008</u> <u>Q2 2008</u> Variance
<b>Revenues:</b>							
Direct	\$ 531.3	\$ 612.9	\$ 552.8	\$ 617.1	\$ 686.0	(22.6)%	(13.3)%
Agent	433.4	469.5	451.6	587.5	683.4	(36.6)%	(7.7)%
	<u>\$ 964.7</u>	<u>\$ 1,082.4</u>	<u>\$ 1,004.4</u>	<u>\$ 1,204.6</u>	<u>\$ 1,369.4</u>	(29.6)%	(10.9)%
Investment <sup>(a)</sup>	<u>37.0</u>	<u>36.0</u>	<u>42.9</u>	<u>52.9</u>	<u>53.0</u>	(30.2)%	2.8%
Total revenues <sup>(a)</sup>	<u>\$ 1,001.7</u>	<u>\$ 1,118.4</u>	<u>\$ 1,047.3</u>	<u>\$ 1,257.5</u>	<u>\$ 1,422.4</u>	(29.6)%	(10.4)%
<b>Expenses:</b>							
Salaries and other <sup>(b)</sup>	\$ 295.5	\$ 332.8	\$ 340.6	\$ 389.7	\$ 402.2	(26.5)%	(11.2)%
Agent retention	344.6	372.1	360.3	467.8	545.9	(36.9)%	(7.4)%
Other operating <sup>(c)</sup>	226.2	261.1	238.1	293.5	285.0	(20.6)%	(13.4)%
Loss provision <sup>(d)</sup>	68.5	67.1	62.3	56.0	88.4	(22.5)%	2.1%
Dep. and amort.	20.8	20.6	18.7	21.1	18.3	13.7%	1.0%
Premium taxes	11.2	11.0	10.8	13.0	14.7	(23.8)%	1.8%
Interest	3.2	1.7	8.2	5.0	8.9	(64.0)%	88.2%
Total expenses	<u>\$ 970.0</u>	<u>\$ 1,066.4</u>	<u>\$ 1,039.0</u>	<u>\$ 1,246.1</u>	<u>\$ 1,363.4</u>	(28.9)%	(9.0)%
<b>Adjusted Pretax Income<sup>(e)</sup></b>	<u><u>\$ 31.7</u></u>	<u><u>\$ 52.0</u></u>	<u><u>\$ 8.3</u></u>	<u><u>\$ 11.4</u></u>	<u><u>\$ 59.0</u></u>	(46.3)%	(39.0)%
+ Net Realized Investment (Losses) Gains	(44.6)	(39.4)	0.6	(65.0)	(4.3)		
- Employee Separation Costs	8.6	5.8	1.4	4.6	6.3		
- Lease Termination Costs	5.5	5.7	4.6	4.9	4.7		
- Reserve Strengthening	-	-	-	122.3	-		
<b>GAAP Pretax (Loss) Income</b>	<u><u>\$ (27.0)</u></u>	<u><u>\$ 1.1</u></u>	<u><u>\$ 2.9</u></u>	<u><u>\$ (185.4)</u></u>	<u><u>\$ 43.7</u></u>	(161.8)%	(2554.5)%

Note: Results for the Title Insurance and Services segment only. Excludes corporate expenses

(a) Excludes all net realized investment (losses) gains; see reconciliation in the appendix

(b) Excludes employee separation costs; see reconciliation in the appendix

(c) Excludes lease termination costs; see reconciliation in the appendix

(d) Excludes loss reserve strengthening; see reconciliation in the appendix

(e) Excludes net realized investment (losses) gains, employee separation costs, lease termination costs and loss reserve strengthening



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# Title Insurance Results

- National Commercial Services<sup>(a)</sup> generated revenue of \$79.3 million in the third quarter, a 34.1% decrease over prior year

(\$ in millions)

National Commercial Services	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	Q3 2008	Q3 2008
						Q3 2007	Q2 2008
						<u>Variance</u>	<u>Variance</u>
<b>Total Revenues</b>	\$ 79.3	\$ 93.7	\$ 79.4	\$ 118.8	\$ 120.3	(34.1)%	(15.4)%
<b>Title Orders Opened</b>	14,873	16,802	17,903	18,036	20,076	(25.9)%	(11.5)%
<b>Title Orders Closed</b>	7,472	8,436	8,700	10,441	10,582	(29.4)%	(11.4)%

(a) Represents the Company's National Commercial Services (NCS) group. Does not include commercial title orders generated from the Company's direct operations, commercial agents or brands other than First American Title



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# Information Solutions Highlights

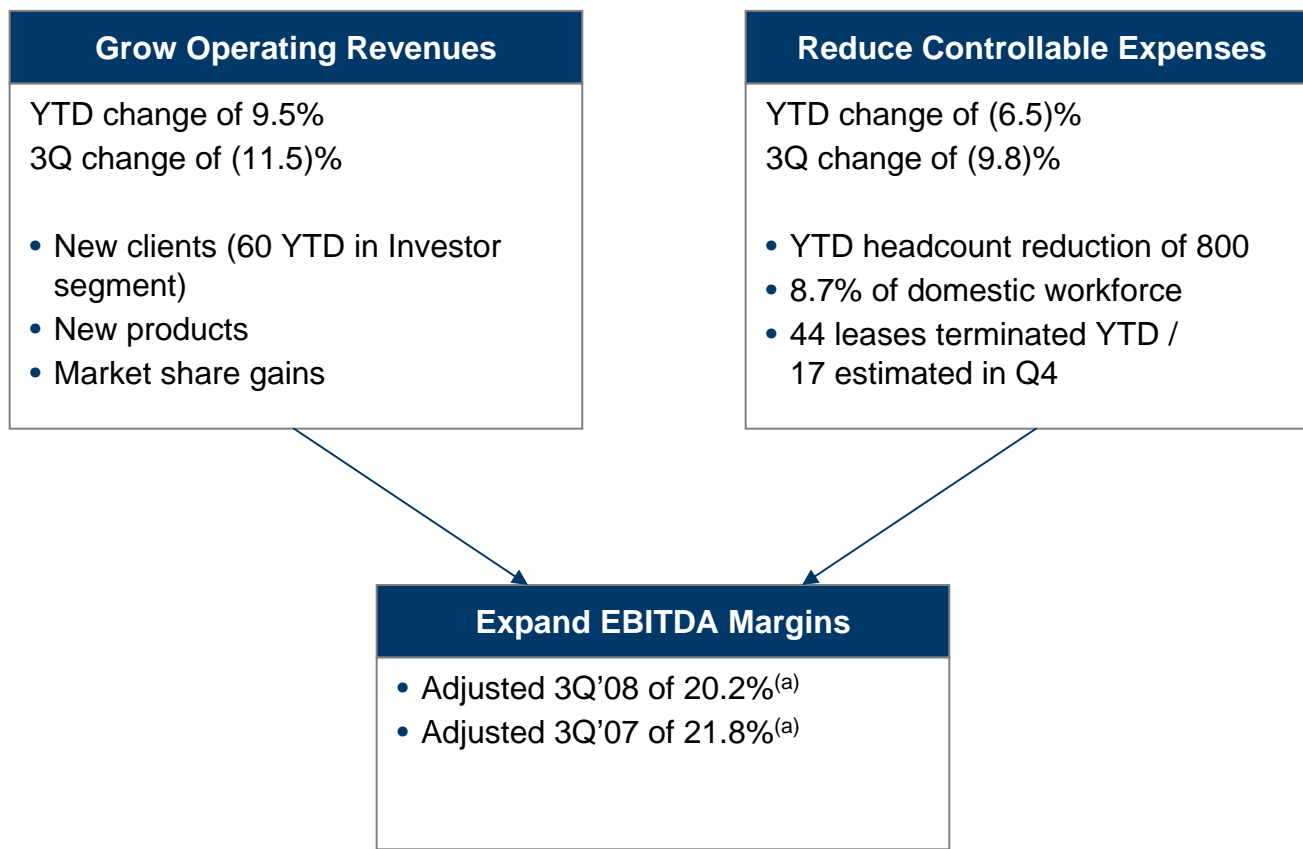
## Pro Forma Consolidated Results

- Operating revenues down 11.5%
- Investment income down 19.0%
- Salaries and Other Operating Costs down \$36.2 million or 8.3%
- Excluding severance, Salaries and Other Operating Costs down 9.1%
- Non-recurring items totaled \$12.4 million (see appendix)
- Adjusted EBITDA margins of 20.2% in Q3 2008 compared to 21.8% in Q3 2007<sup>(a)</sup>
- Adjusted pretax margin of 10.7%



# Information Solutions Highlights

## Operational and Financial Goals



# Information Solutions Pro Forma Earnings

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
Operating revenue	\$ 473,994	\$ 509,479	\$ 516,421	\$ 488,077	\$ 535,694	(11.5)%	(7.0)%
Investment	12,556	15,459	14,981	115,986	15,498	(19.0)%	(18.8)%
<b>Total revenues</b>	<b>\$ 486,550</b>	<b>\$ 524,938</b>	<b>\$ 531,402</b>	<b>\$ 604,063</b>	<b>\$ 551,192</b>	<b>(11.7)%</b>	<b>(7.3)%</b>
Salaries and other operating	\$ 399,903	\$ 408,687	\$ 413,548	\$ 408,219	\$ 436,098	(8.3)%	(2.1)%
Depreciation and amort.	36,955	36,237	36,524	35,962	34,372	7.5%	2.0%
Interest	9,656	11,964	11,270	12,745	13,222	(27.0)%	(19.3)%
<b>Total expenses</b>	<b>\$ 446,514</b>	<b>\$ 456,888</b>	<b>\$ 461,342</b>	<b>\$ 456,926</b>	<b>\$ 483,692</b>	<b>(7.7)%</b>	<b>(2.3)%</b>
<b>Pretax income <sup>(a)</sup></b>	<b>\$ 40,036</b>	<b>\$ 68,050</b>	<b>\$ 70,060</b>	<b>\$ 147,137</b>	<b>\$ 67,500</b>	<b>(40.7)%</b>	<b>(41.2)%</b>
Minority interest	9,873	15,024	16,802	26,642	19,873	(50.3)%	(34.3)%
Income taxes	15,073	30,649	22,901	24,701	22,412	(32.7)%	(50.8)%
<b>Net income</b>	<b>\$ 15,090</b>	<b>\$ 22,377</b>	<b>\$ 30,357</b>	<b>\$ 95,794</b>	<b>\$ 25,215</b>	<b>(40.2)%</b>	<b>(32.6)%</b>

Note: Pro forma earnings represent actual results for the Information and Outsourcing Solutions, Data and Analytic Solutions and Risk Mitigation and Business Solutions segments adjusted for estimated allocation of net corporate expenses

14 (a) Income before income taxes and minority interest expense



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# Information Solutions Pro Forma Earnings

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	Q3 2008 Q3 2007 <u>Variance</u>	Q3 2008 Q2 2008 <u>Variance</u>
Pretax Income	\$ 40,036	\$ 68,050	\$ 70,060	\$ 147,137	\$ 67,500	(40.7)%	(41.2)%
- Net Realized Investment (Losses) Gains	(3,830)	(2,032)	(6,760)	90,369	479		
+ Employee Separation Costs	6,342	169	729	186	3,353		
+ Facilitites and Other Restructuring Charges	2,084	200	-	-	2,035		
Adj. Pretax Income	<u>\$ 52,292</u>	<u>\$ 70,451</u>	<u>\$ 77,549</u>	<u>\$ 56,954</u>	<u>\$ 72,409</u>	(27.8)%	(25.8)%
+ Depreciation & Amortization	36,955	36,237	36,524	35,962	34,372	7.5%	2.0%
+ Interest	9,656	11,964	11,270	12,745	13,222	(27.0)%	(19.3)%
Adj. EBITDA	<u>\$ 98,903</u>	<u>\$ 118,652</u>	<u>\$ 125,343</u>	<u>\$ 105,661</u>	<u>\$ 120,003</u>	(17.6)%	(16.6)%
EBITDA Margin <sup>(a)</sup>	17.8%	22.1%	22.2%	32.4%	20.9%	(3.1) <sup>(b)</sup>	(4.3) <sup>(b)</sup>
Adj. EBITDA Margin <sup>(a)</sup>	20.2%	22.5%	23.3%	20.6%	21.8%	(1.6) <sup>(b)</sup>	(2.3) <sup>(b)</sup>
Capital Expenditures	\$ 18,393	\$ 22,237	\$ 28,015	\$ 36,164	\$ 31,881	(42.3)%	(17.3)%
Finite-Lived Intangible Amortization	\$ 9,990	\$ 9,313	\$ 9,068	\$ 8,766	\$ 8,916	12.0%	7.3%

(a) Excludes all net realized investment (losses) gains; see reconciliation in the appendix

(b) Margin comparisons reflect percentage point changes only



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# Information and Outsourcing Solutions Highlights

- REO Asset Management up 180.0%
- Broker Price Opinion up 19.3%
- Market share gains in Tax Service
- New vertical alignment in September
- Headcount reductions of 190 or 6.0% of domestic workforce at 6/30/08
- Implemented initiatives expected to yield \$19 million in annualized cost savings
- Adjusted EBITDA margins of 20.0% in Q3 2008 compared to 23.7% in Q3 2007<sup>(a)</sup>



# Information and Outsourcing Solutions Highlights

(\$ and numbers in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Tax and Flood</b>	\$ 73,246	\$ 83,987	\$ 88,683	\$ 79,120	\$ 90,334	(18.9)%	(12.8)%
<b>Collateral Valuation</b>	55,361	56,431	54,621	48,196	56,933	(2.8)%	(1.9)%
<b>Default <sup>(a)</sup></b>	48,711	48,843	46,130	39,022	35,434	37.5%	(0.3)%
<b>Other</b>	<u>7,320</u>	<u>4,307</u>	<u>6,748</u>	<u>6,520</u>	<u>8,535</u>	(14.2)%	70.0%
<b>Total Revenues</b>	<u>\$ 184,638</u>	<u>\$ 193,568</u>	<u>\$ 196,182</u>	<u>\$ 172,858</u>	<u>\$ 191,236</u>	(3.5)%	(4.6)%
<b>Adj. Pretax Income <sup>(b)</sup></b>	\$ 32,684	\$ 42,817	\$ 50,549	\$ 28,000	\$ 40,966	(20.2)%	(23.7)%
<b>GAAP Pretax Margin</b>	16.1%	22.1%	25.8%	16.2%	21.0%	(4.9) <sup>(e)</sup>	(6.0) <sup>(e)</sup>
<b>Adj. Pretax Margin</b>	17.7%	22.1%	25.8%	16.2%	21.4%	(3.7) <sup>(e)</sup>	(4.4) <sup>(e)</sup>
<b>Loans under Tax Service <sup>(c)</sup></b>	28,737	29,019	28,673	28,626	28,600	0.5%	(1.0)%
<b>Flood Certifications <sup>(d)</sup></b>	1,957	2,385	2,731	2,295	2,757	(29.0)%	(17.9)%
<b>Broker Price Opinions <sup>(f)</sup></b>	259	256	245	245	256	1.2%	1.2%

Note: Results for the Information and Outsourcing Solutions segment only. Excludes corporate expenses

(a) Includes default businesses within the Information and Outsourcing Solutions segment only

(b) Income before income taxes and minority interest expense; excludes employee separation costs

(c) Tax service life of loan orders under service

(d) Flood certifications ordered per quarter

(e) Margin comparisons reflect percentage point changes only

(f) Broker price opinions ordered per quarter



The First American Corporation

# Data and Analytic Solutions Highlights

- Added 60 new clients in investor segment YTD
- Latest fraud analytic tool well received by major banks
- Domestic headcount down 9.2% YTD
- Implemented initiatives expected to yield \$20 million in annualized cost savings
- Second lien title company (ELS) lost \$6.5 million pretax in Q3 2008
- Adjusted EBITDA margins of 23.7% in Q3 2008 compared to 26.5% in Q3 2007<sup>(a)</sup>



# Data and Analytic Solutions Highlights

(\$ and numbers in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Property Data and Analytics</b>	\$ 105,236	\$ 111,172	\$ 110,953	\$ 108,636	\$ 117,435	(10.4)%	(5.3)%
<b>Other Real Estate Products</b>	31,879	38,603	37,266	34,218	36,785	(13.3)%	(17.4)%
<b>Other</b>	9,019	8,763	8,231	8,106	6,013	50.0%	2.9%
<b>Total Revenues<sup>(a)</sup></b>	<u>\$ 146,134</u>	<u>\$ 158,538</u>	<u>\$ 156,450</u>	<u>\$ 150,960</u>	<u>\$ 160,233</u>	(8.8)%	(7.8)%
<b>Adj. Pretax Income<sup>(b)</sup></b>	\$ 15,904	\$ 25,297	\$ 23,028	\$ 23,449	\$ 25,185	(36.9)%	(37.1)%
<b>GAAP Pretax Margin</b>	7.1%	15.7%	14.3%	4.0%	15.9%	(8.8) <sup>(c)</sup>	(8.6) <sup>(c)</sup>
<b>Adj. Pretax Margin</b>	10.9%	16.0%	14.7%	15.5%	15.7%	(4.8) <sup>(c)</sup>	(5.1) <sup>(c)</sup>
<b>Document Image Requests</b>	655	713	770	720	822	(20.3)%	(8.1)%

Note: Results for the Data and Analytic Solutions segment only. Excludes corporate expenses.

Adjusted to conform to current period presentation

(a) Excludes net realized investment (losses) gains; see reconciliation in the appendix

(b) Income before income taxes and minority interest expense; excludes net realized investment gains, employee separation costs and lease termination costs; see reconciliation in the appendix

(c) Margin comparisons reflect percentage point changes only



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# Data and Analytic Solutions Highlights

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Adjusted Data &amp; Analytic Solutions Results</b>							
Pretax Income <sup>(a)</sup>	\$ 15,904	\$ 25,297	\$ 23,028	\$ 23,449	\$ 25,185	(36.9)%	(37.1)%
Pretax Margin	10.9%	16.0%	14.7%	15.5%	15.7%	(4.8) <sup>(b)</sup>	(5.1) <sup>(b)</sup>
<b>Pro-forma impact excluding ELS</b>							
Pretax Income	\$ 20,275	\$ 24,483	\$ 19,639	\$ 22,194	\$ 21,707	(6.6)%	(17.2)%
Pretax Margin	15.6%	18.0%	14.5%	16.7%	15.5%	0.1 <sup>(b)</sup>	(2.4) <sup>(b)</sup>

Note: Results for the Data and Analytic Solutions segment only. Excludes corporate expenses.

Adjusted to conform to current period presentation

(a) Income before income taxes and minority interest expense; excludes net realized investment gains, employee separation costs and lease termination costs; see reconciliation in the appendix

(b) Margin comparisons reflect percentage point changes only



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# Risk Mitigation and Business Solutions Highlights

- Data Services growth from new verticals and customers
- Multi-Family Services maintained margins
- Market share gains in Lender Services
- Headcount reductions of 300 or 10.0% of beginning of year domestic workforce
- Implemented initiatives expected to save \$30.8 million annually
- Adjusted EBITDA margins of 20.1%<sup>(a)</sup>
- Operating cash flow of \$35.1 million in Q3 2008 and \$33.3 million YTD



# Risk Mitigation and Business Solutions Highlights

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Total Revenues<sup>(a)</sup></b>	\$ 188,453	\$ 198,546	\$ 207,543	\$ 207,561	\$ 220,708	(14.6)%	(5.1)%
<b>Pretax Income<sup>(b)</sup></b>	\$ 25,142	\$ 22,851	\$ 26,062	\$ 30,449	\$ 36,005	(30.2)%	10.0%
<b>Pretax Margin</b>	13.3%	11.5%	12.6%	14.7%	16.3%	(3.0) <sup>(c)</sup>	1.8 <sup>(c)</sup>
<b>Cash Provided by Operating Activities</b>	\$ 35,114	\$ 33,461	\$ (35,229) <sup>(d)</sup>	\$ 44,796	\$ 38,877	(9.7)%	4.9%
<b>Credit Orders</b>	29,132	29,469	28,801	26,940	30,122	(3.3)%	(1.1)%

(a) Excludes net realized investment (losses) gains; see reconciliation in the appendix

(b) Income before income taxes and minority interest expense; excludes net realized investment (losses) gains, employee separation costs and facilities and other restructuring charges; see reconciliation in the appendix

(c) Margin comparisons reflect percentage point changes only

(d) Includes \$57.7 million of tax payments related to the sale of DealerTrack shares in the fourth quarter of 2007



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# Appendix



# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u>	<u>Q3 2008</u> <u>Q2 2008</u>
						<u>Variance</u>	<u>Variance</u>
<b>Title Insurance</b>							
GAAP Investment (Loss) Income	\$ (7,649)	\$ (3,453)	\$ 43,523	\$ (12,040)	\$ 48,701	(115.7)%	(121.5)%
- Net Realized Investment (Losses) Gains	(44,601)	(39,422)	629	(64,985)	(4,307)		
Adjusted Investment Income	<u>\$ 36,952</u>	<u>\$ 35,969</u>	<u>\$ 42,894</u>	<u>\$ 52,945</u>	<u>\$ 53,008</u>	(30.3)%	2.7%
GAAP Total Revenues	\$ 957,080	\$ 1,078,924	\$ 1,047,945	\$ 1,192,526	\$ 1,418,115	(32.5)%	(11.3)%
- Net Realized Investment (Losses) Gains	(44,601)	(39,422)	629	(64,985)	(4,307)		
Adjusted Total Revenues	<u>\$ 1,001,681</u>	<u>\$ 1,118,346</u>	<u>\$ 1,047,316</u>	<u>\$ 1,257,511</u>	<u>\$ 1,422,422</u>	(29.6)%	(10.4)%
GAAP Salaries and Other Personnel Costs	\$ 304,108	\$ 338,557	\$ 342,032	\$ 394,341	\$ 408,368	(25.5)%	(10.2)%
- Employee Separation Costs	8,600	5,800	1,400	4,600	6,300		
Adjusted Salaries and Other Personnel Costs	<u>\$ 295,508</u>	<u>\$ 332,757</u>	<u>\$ 340,632</u>	<u>\$ 389,741</u>	<u>\$ 402,068</u>	(26.5)%	(11.2)%
GAAP Other Operating	\$ 231,656	\$ 266,831	\$ 242,736	\$ 298,397	\$ 289,690	(20.0)%	(13.2)%
- Lease Termination Costs	5,500	5,700	4,600	4,900	4,700		
Adjusted Other Operating	<u>\$ 226,156</u>	<u>\$ 261,131</u>	<u>\$ 238,136</u>	<u>\$ 293,497</u>	<u>\$ 284,990</u>	(20.6)%	(13.4)%
GAAP Loss Provision	\$ 68,547	\$ 67,107	\$ 62,279	\$ 178,329	\$ 88,407	(22.5)%	2.1%
- Reserve Strengthening	-	-	-	122,300	-		
Adjusted Loss Provision	<u>\$ 68,547</u>	<u>\$ 67,107</u>	<u>\$ 62,279</u>	<u>\$ 56,029</u>	<u>\$ 88,407</u>	(22.5)%	2.1%
GAAP Pretax (Loss) Income	\$ (27,025)	\$ 1,064	\$ 2,944	\$ (185,494)	\$ 43,743	(161.8)%	(2639.0)%
- Net Realized Investment (Losses) Gains	(44,601)	(39,422)	629	(64,985)	(4,307)		
+ Reserve Strengthening	-	-	-	122,300	-		
+ Employee Separation Costs	8,600	5,800	1,400	4,600	6,300		
+ Facilities and Other Restructuring Charges	5,500	5,700	4,600	4,900	4,700		
Adjusted Pretax Income	<u>\$ 31,676</u>	<u>\$ 51,986</u>	<u>\$ 8,315</u>	<u>\$ 11,291</u>	<u>\$ 59,050</u>	(46.4)%	(39.1)%
GAAP Pretax Margin	-2.8%	0.1%	0.3%	-15.6%	3.1%	(5.9)	(2.9)
Adjusted Pretax Margin	3.2%	4.6%	0.8%	0.9%	4.2%	(1.0)	(1.4)



# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Information Solutions Pro Forma</b>							
Total Revenues	\$ 486,550	\$ 524,938	\$ 531,402	\$ 604,063	\$ 551,192	(11.7)%	(7.3)%
- Net Realized Investment (Losses) Gains	(3,830)	(2,032)	(6,760)	90,369	479		
Adjusted Total Revenues	<u>\$ 490,380</u>	<u>\$ 526,970</u>	<u>\$ 538,162</u>	<u>\$ 513,694</u>	<u>\$ 550,713</u>	(11.0)%	(6.9)%
Pretax Income	\$ 40,036	\$ 68,050	\$ 70,060	\$ 147,137	\$ 67,500	(40.7)%	(41.2)%
+ Depreciation & Amortization	36,955	36,237	36,524	35,962	34,372		
+ Interest	9,656	11,964	11,270	12,745	13,222		
EBITDA	<u>\$ 86,647</u>	<u>\$ 116,251</u>	<u>\$ 117,854</u>	<u>\$ 195,844</u>	<u>\$ 115,094</u>	(24.7)%	(25.5)%
- Net Realized Investment (Losses) Gains	(3,830)	(2,032)	(6,760)	90,369	479		
+ Employee Separation Costs	6,342	169	729	186	3,353		
+ Facilities and Other Restructuring Charges	2,084	200	-	-	2,035		
Adjusted EBITDA	<u>\$ 98,903</u>	<u>\$ 118,652</u>	<u>\$ 125,343</u>	<u>\$ 105,661</u>	<u>\$ 120,003</u>	(17.6)%	(16.6)%
Pretax Margin	8.2%	13.0%	13.2%	24.4%	12.2%	(4.0)	(4.8)
EBITDA Margin	17.8%	22.1%	22.2%	32.4%	20.9%	(3.1)	(4.3)
Adjusted EBITDA Margin	20.2%	22.5%	23.3%	20.6%	21.8%	(1.6)	(2.3)



# Reconciliation of Segment Results

(\$ in thousands)

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q3 2008 Q3 2007	Q3 2008 Q2 2008
						Variance	Variance
<b>Data &amp; Analytic Solutions</b>							
GAAP Total Revenues	\$ 142,548	\$ 158,521	\$ 156,512	\$ 133,084	\$ 162,710	(12.4)%	(10.1)%
- Net Realized Investment (Losses) Gains	(3,586)	(17)	62	(17,875)	2,477		
Adjusted Total Revenues	\$ 146,134	\$ 158,538	\$ 156,450	\$ 150,959	\$ 160,233	(8.8)%	(7.8)%
GAAP Pretax Income	\$ 10,180	\$ 24,911	\$ 22,361	\$ 5,388	\$ 25,901	(60.7)%	(59.1)%
- Net Realized Investment (Losses) Gains	(3,586)	(17)	62	(17,875)	2,477		
+ Employee Separation Costs	1,753	169	729	186	1,425		
+ Lease Termination Costs	385	200	-	-	336		
Adjusted Pretax Income	\$ 15,904	\$ 25,297	\$ 23,028	\$ 23,449	\$ 25,185	(36.9)%	(37.1)%
+ Interest	1,898	1,902	1,975	2,221	2,191		
+ Depreciation and Amortization	16,849	17,008	18,092	16,891	15,093		
Adjusted EBITDA	\$ 34,651	\$ 44,207	\$ 43,095	\$ 42,561	\$ 42,469	(18.4)%	(21.6)%
Adjusted EBITDA Margin	23.7%	27.9%	27.5%	28.2%	26.5%	(2.8)	(4.2)
<b>Risk Mitigation &amp; Business Solutions</b>							
GAAP Total Revenues	\$ 188,063	\$ 196,645	\$ 203,620	\$ 325,241	\$ 220,387	(14.7)%	(4.4)%
- Net Realized Investment (Losses) Gains	(390)	(1,901)	(3,923)	117,680	(321)		
Adjusted Total Revenues	\$ 188,453	\$ 198,546	\$ 207,543	\$ 207,561	\$ 220,708	(14.6)%	(5.1)%
GAAP Pretax Income	\$ 21,365	\$ 20,950	\$ 22,139	\$ 148,129	\$ 32,795	(34.9)%	2.0%
- Net Realized Investment (Losses) Gains	(390)	(1,901)	(3,923)	117,680	(321)		
+ Employee Separation Costs	1,688	-	-	-	1,189		
+ Facilities and Other Restructuring Charges	1,699	-	-	-	1,700		
Adjusted Pretax Income	\$ 25,142	\$ 22,851	\$ 26,062	\$ 30,449	\$ 36,005	(30.2)%	10.0%
+ Interest	640	1,075	425	1,369	2,945		
+ Depreciation and Amortization	12,171	11,341	10,445	11,142	10,861		
Adjusted EBITDA	\$ 37,953	\$ 35,267	\$ 36,932	\$ 42,960	\$ 49,811	(23.8)%	7.6%
Adjusted EBITDA Margin	20.1%	17.8%	17.8%	20.7%	22.6%	(2.5)	2.3
<b>Information and Outsourcing Solutions</b>							
GAAP Total Revenues	\$ 184,638	\$ 193,568	\$ 196,182	\$ 172,858	\$ 191,236	(3.5)%	(4.6)%
GAAP Pretax Income	\$ 29,784	\$ 42,817	\$ 50,549	\$ 28,000	\$ 40,226	(26.0)%	(30.4)%
+ Employee Separation Costs	2,900	-	-	-	740		
Adjusted Pretax Income	\$ 32,684	\$ 42,817	\$ 50,549	\$ 28,000	\$ 40,966	(20.2)%	(23.7)%
+ Interest	(1,541)	(1,557)	(1,465)	(1,496)	(1,364)		
+ Depreciation and Amortization	5,749	6,079	5,804	5,678	5,645		
Adjusted EBITDA	\$ 36,892	\$ 47,339	\$ 54,888	\$ 32,182	\$ 45,247	(18.5)%	(22.1)%
Adjusted EBITDA Margin	20.0%	24.5%	28.0%	18.6%	23.7%	(3.7)	(4.5)



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# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>	<u>Q3 2007</u>	<u>Q3 2008</u> <u>Q3 2007</u> <u>Variance</u>	<u>Q3 2008</u> <u>Q2 2008</u> <u>Variance</u>
<b>Consolidated</b>							
GAAP Investment Income	\$ 3,437	\$ 14,500	\$ 61,681	\$ 105,220	\$ 68,748	(95.0)%	(76.3)%
- Net Realized Investment (Losses) Gains	(50,201)	(41,338)	(5,876)	26,152	(2,885)		
Adjusted Investment Income	<u>\$ 53,638</u>	<u>\$ 55,838</u>	<u>\$ 67,557</u>	<u>\$ 79,068</u>	<u>\$ 71,633</u>	(25.1)%	(3.9)%
GAAP Pretax Income (Loss)	\$ 822	\$ 63,610	\$ 69,574	\$ (56,405)	\$ 108,012	(99.2)%	(98.7)%
- Net Realized Investment (Losses) Gains	(50,201)	(41,338)	(5,876)	26,152	(2,885)		
+ Employee Separation Costs	14,900	5,900	2,100	4,700	9,600		
+ Facilities and Other Restructuring Charges	7,500	5,900	4,600	4,900	6,800		
+ Reserve Strengthening	-	-	-	122,300	-		
Adjusted Pretax Income	<u>\$ 73,423</u>	<u>\$ 116,748</u>	<u>\$ 82,150</u>	<u>\$ 49,343</u>	<u>\$ 127,297</u>	(42.3)%	(37.1)%

