

# Third Quarter 2005 Fact Sheet ▼ NYSE: FAF

## MAXIMIZING VALUE



Parker S. Kennedy

### From the Chairman

**O**ur earnings were strong for the third quarter. The company's positive performance was affected by strong mortgage origination volume, particularly from purchase activity, as well as our commitment to maximize operating efficiencies, reduce costs, and improve market

share. After adjusting for extraordinary gains and losses, each of our segments, except screening, posted improved quarter-over-quarter earnings. During the quarter, we completed the combination of our Credit Information segment with First Advantage. Corporate expenses relating to this merger to form the new and larger First Advantage were charged to the Screening Information segment. First American now owns 80% of First Advantage. Since announcing the merger, the shares of First Advantage have risen by about 30% and our 80% ownership interest of First American is now worth more than \$1 billion. We are very bullish on the prospects of First Advantage as that company will continue to pursue many exciting business information opportunities. It is a well-run company that is in the right place at the right time.

Title insurance order count levels remain positive. Our mortgage credit orders, a very early indication of real estate activity, show orders to be at about the same levels experienced in September and down only about 10% from peak levels in June. Title orders in September were up slightly over the same month last year, which is in line with the Mortgage Bankers Association mortgage application predictions.

We will continue our strategic initiatives of technology, centralization, bundling, offshore processing, and analytics to maintain strong margins, particularly in title insurance. We will pursue strategic acquisitions in the real estate space that will enhance production efficiencies, increase market share, and create opportunities to leverage our expansive real estate data to create unique products and services.

We are very excited about First American's prospects. While First American's share value has improved, we believe there is still a lot of upside potential in the value of our stock. We will keep working to improve share value and maximize returns to our shareholders.

Very truly yours,

Parker S. Kennedy  
Chairman of the Board and Chief Executive Officer

### FIRST AMERICAN

## Strategies for Success

- 1 Sustain earnings
- 2 Grow national market share
- 3 Improve margins with data and technology solutions that enable centralized, efficient production and offshore capabilities
- 4 Maintain at least 10% margins in title insurance despite a weaker mortgage application market
- 5 Maintain favorable debt-to-capital ratios
- 6 Deliver 12% return on equity
- 7 Use cash to maximize shareholder value through stock repurchases and key acquisitions

\$

### FINANCIAL STATISTICS

52-week range:	<b>\$30.00 - \$46.40</b>
Market capitalization* (3Q05):	<b>\$ 4.24 billion</b>
Average shares outstanding (diluted):	<b>98.7 million</b>
Dividend/yield*:	<b>\$ 0.72/1.7%</b>
EPS (diluted 3Q05):	<b>\$ 1.51</b>
EPS (diluted YE04):	<b>\$ 3.83</b>
EPS (consensus est. YE05):	<b>\$ 4.81</b>
PE (consensus est. YE05)*:	<b>8.93</b>
Book value (3Q05):	<b>\$30.84</b>

\*Based on \$43.00 stock price

#### INVESTOR CONTACT

Denise M. Warren, Vice President and Director of Investor Relations  
TEL 800.854.3643, ext. 3915  
EMAIL [dwarren@firstam.com](mailto:dwarren@firstam.com)

Direct Stock Purchase and Dividend Reinvestment  
CONTACT Shareholder Services  
TEL 800.894.4076  
EMAIL [shareholderservices.trust@firstam.com](mailto:shareholderservices.trust@firstam.com)



*The First American Corporation*

1 First American Way, Santa Ana, CA 92707  
800.854.3643 ▼ [www.firstam.com](http://www.firstam.com) ▼ NYSE: FAF

# CONSOLIDATED SUMMARY STATEMENTS OF INCOME UNAUDITED

(in thousands, except per share amounts)

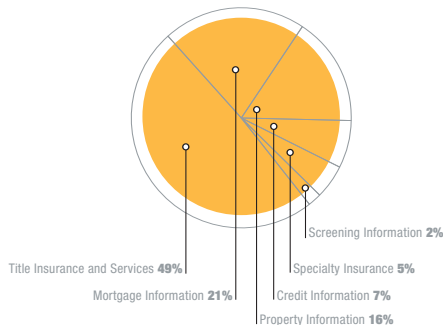
	Q3 05	Q2 05	Q1 05	Q4 04	Q3 04
<b>Results of Operations</b>					
Operating revenues					
<b>Financial Services</b>					
Title Insurance and Services	\$1,577,054	\$1,421,837	\$1,211,484	\$1,304,278	\$1,215,159
Specialty Insurance	74,678	63,785	60,509	60,384	61,617
Total Financial Services	1,651,732	1,485,622	1,271,993	1,364,662	1,276,776
<b>Information Technology</b>					
Mortgage Information	150,117	150,499	142,473	159,280	171,698
Property Information	132,994	127,525	110,902	110,033	100,181
Credit Information	83,854	78,350	66,345	57,126	60,322
Screening Information	84,456	82,903	71,845	68,127	71,910
Total Information Technology	451,421	439,277	391,565	394,566	404,111
Total operating revenues	2,103,153	1,924,899	1,663,558	1,759,228	1,680,887
Investment and other income	58,196	55,027	39,304	43,111	35,541
Net realized investment gains	6,833	4,049	1,622	678	5,057
Total revenues	2,168,182	1,983,975	1,704,484	1,803,017	1,721,485
Expenses	1,892,821	1,718,415	1,550,782	1,658,059	1,519,480
Income before income taxes and minority interests	\$ 275,361	\$ 265,560	\$ 153,702	\$ 144,958	\$ 202,005
<b>Income Before Income Taxes and Minority Interests</b>					
<b>Financial Services</b>					
Title Insurance and Services	\$ 195,549	\$ 180,685	\$ 91,256	\$ 76,194	\$ 123,509
Specialty Insurance	13,605	13,053	9,805	8,988	8,334
Total Financial Services	209,154	193,738	101,061	85,182	131,843
<b>Information Technology</b>					
Mortgage Information	34,933	41,606	30,619	43,839	52,690
Property Information	42,698	41,838	35,752	35,678	30,309
Credit Information	21,000	20,571	18,860	12,421	15,172
Screening Information	5,544	3,349	5,557	4,777	7,177
Total Information Technology	104,175	107,364	90,788	96,715	105,348
Total before corporate expenses	313,329	301,102	191,849	181,897	237,191
Corporate expenses	37,968	35,542	38,147	36,939	35,186
Income before income taxes and minority interests	275,361	265,560	153,702	144,958	202,005
Income taxes	101,100	100,700	53,800	55,700	70,800
Minority interests	25,139	25,367	20,740	18,856	23,990
Net income	\$ 149,122	\$ 139,493	\$ 79,162	\$ 70,402	\$ 107,215
Diluted earnings per share	\$ 1.51	\$ 1.43	\$ 0.83	\$ 0.76	\$ 1.17
Average common shares assuming dilution	98,768	97,990	95,131	93,306	91,594

## SELECTED FINANCIAL DATA UNAUDITED

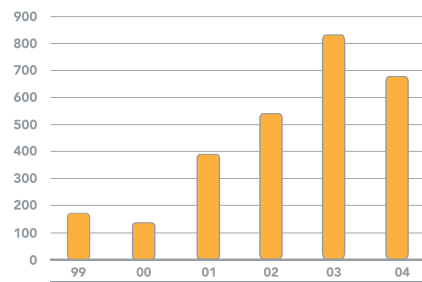
(in thousands, except percentages and per share amounts)

	YE 04	YE 03	YE 02	YE 01	YE 00
Revenues	\$6,722,326	\$6,213,714	\$4,704,209	\$3,750,723	\$2,934,255
Net income	\$ 349,099	\$ 451,022	\$ 234,367	\$ 167,268	\$ 82,223
Total assets	\$6,208,365	\$4,892,111	\$3,398,045	\$2,837,263	\$2,199,737
Notes and contracts payable	\$ 732,770	\$ 553,888	\$ 425,705	\$ 415,341	\$ 219,838
Stockholders' equity	\$2,463,564	\$1,879,520	\$1,364,589	\$1,104,452	\$ 870,237
Return of average stockholders' equity	16.1%	27.8%	19.0%	16.9%	9.8%
Cash dividends per common share (diluted)	\$ 0.60	\$ 0.50	\$ 0.33	\$ 0.27	\$ 0.24
Net income per share (diluted)	\$ 3.83	\$ 5.22	\$ 2.92	\$ 2.27	\$ 1.24

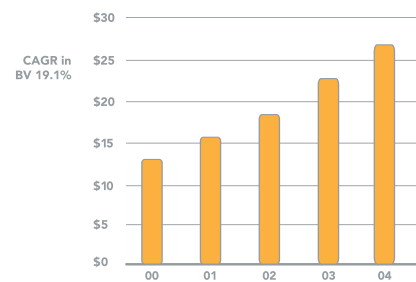
% 2004 INCOME BEFORE INCOME TAXES, MINORITY INTERESTS, AND CORPORATE EXPENSES BY BUSINESS SEGMENT



CASH FLOWS FROM OPERATING ACTIVITIES  
(\$ in millions)



FINANCIAL PERFORMANCE  
growth in book value



Certain statements made in this document, including those related to strategic initiatives and strategic acquisitions, are forward looking. 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; consolidation among the company's significant customers and competitors; the company's continued ability to identify businesses to be acquired; changes in the company's ability to integrate businesses which it acquires; and other factors described in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2004, 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.