

Fourth Quarter 2005 Fact Sheet ▾ NYSE: FAF

MAXIMIZING VALUE



Parker S. Kennedy

From the Chairman

We achieved very strong results in 2005. Our earnings per share increased 30 percent over 2004 despite several interest rate increases by the Federal Reserve.

Our Financial Services and Information Technology businesses performed well in 2005 and benefited from improved operating efficiencies including centralization and technology and offshore processing, and from market share improvement in nearly all of the Company's businesses.

Highlights of 2005 included the contribution of our Credit Information segment to our publicly held subsidiary, First Advantage Corporation (NASDAQ: FADV), in which we now have approximately 77 percent ownership; the acquisition of United General, a national title insurance underwriter; the acquisition of LoanPerformance, a mortgage analytics provider; and the agreement to purchase TransContinental Title Company, a national lender-oriented title agency based in Florida. Additionally, the Company's stock repurchase program was increased to \$200 million and Standard & Poor's raised First American Title's financial strength rating from "A-" to "A."

To help our investors better understand why we think First American deserves a higher market valuation, we offer a valuation analysis.

- Our title segment earned, after tax, \$304 million. An appropriate multiple would be 8.5. Multiplying this times the earnings delivers a value of \$2.6 billion.
- Our specialty insurance segment deserves a 10 multiple. Segments earnings were \$24 million, suggesting a value of \$240 million.
- Our mortgage information segment earned \$55 million after taxes and minority interests in 2005. A conservative multiple would be 15, leading to a value of \$825 million.
- A conservative multiple for our property information segment would be 18. Applying this multiple to the segment's earnings of \$57 million provides a value of \$1 billion.
- Lastly, First American owns 77% of First Advantage. The market values this interest at about \$1 billion. Adding the segment values together leads to a total value for First American of \$5.665 billion, or \$59 per share. It's our goal to unlock this value.

We will continue to pursue important strategies to maintain strong profits. These strategies, which include superior technology, centralization, offshore processing, bundling, analytics and growth through acquisitions, were key to our profitability in 2004 and 2005. We will build upon these strategies in 2006 and beyond to expand margins, especially in the title insurance segment, and to increase market share in all our businesses. We feel we have built a company that can achieve healthy levels of profitability through any market cycle.

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 in all segments with data and technology solutions that enable centralized, efficient production and offshore capabilities
- 4 Maintain favorable debt-to-capital ratio
- 5 Deliver 12% return on equity
- 6 Use cash to maximize shareholder value through stock repurchases and key acquisitions
- 7 Build real estate data products that provide revenue not tied to real estate transactions

\$

FINANCIAL STATISTICS

52-week range:	\$ 30.00 - \$49.50
Market capitalization* (4Q05):	\$ 4.26 billion
Average shares outstanding (diluted):	99.2 million
Dividend/yield*:	\$ 0.72/1.62%
EPS (diluted 4Q05):	\$ 1.19
EPS (diluted YE05):	\$ 4.97
EPS (consensus est. YE06):	\$ 4.12
PE (consensus est. YE06)*:	10.2
Book value (4Q05):	\$ 31.36
Debt/total capital (4Q05):	21%

*Based on \$42.00 stock price

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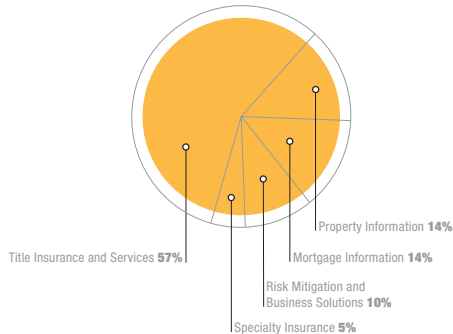
CONSOLIDATED SUMMARY STATEMENTS OF INCOME UNAUDITED

(in thousands, except per share amounts)	Q4 05	Q3 05	Q2 05	Q1 05	Q4 04
Results of Operations					
Operating revenues					
Financial Services					
Title Insurance and Services	\$1,621,563	\$1,577,054	\$1,421,837	\$1,211,484	\$1,304,278
Specialty Insurance	76,235	74,678	63,785	60,509	60,384
Total Financial Services	1,697,798	1,651,732	1,485,622	1,271,993	1,364,662
Information Technology					
Mortgage Information	141,255	150,117	150,499	142,473	159,280
Property Information	127,778	137,447	131,834	114,793	114,512
Risk Mitigation and Business Solutions	169,658	168,310	161,253	138,190	125,253
Total Information Technology	438,691	455,874	443,586	395,456	399,045
Eliminations	(12,021)	(4,453)	(4,309)	(3,891)	(4,479)
Total operating revenues	2,124,468	2,103,153	1,924,899	1,663,558	1,759,228
Investment and other income	57,768	58,196	55,027	39,304	43,111
Gain on issuance of subsidiary stock	17,609	5,284	2,418	347	1,907
Net realized investment gains	5,272	1,549	1,631	1,275	(1,229)
Total revenues	2,205,117	2,168,182	1,983,975	1,704,484	1,803,017
Expenses	1,996,112	1,892,821	1,718,415	1,550,782	1,658,059
Income before income taxes and minority interests	\$ 209,005	\$ 275,361	\$ 265,560	\$ 153,702	\$ 144,958
Income Before Income Taxes and Minority Interests					
Financial Services					
Title Insurance and Services	\$ 129,375	\$ 195,549	\$ 180,685	\$ 91,256	\$ 76,194
Specialty Insurance	14,081	13,605	13,053	9,805	8,988
Total Financial Services	143,456	209,154	193,738	101,061	85,182
Information Technology					
Mortgage Information	34,462	34,933	41,606	30,619	43,839
Property Information	31,473	42,698	41,838	35,752	35,678
Risk Mitigation and Business Solutions	29,176	26,544	23,920	24,417	17,198
Total Information Technology	95,111	104,175	107,364	90,788	96,715
Total before corporate expenses	238,567	313,329	301,102	191,849	181,897
Corporate expenses	29,562	37,968	35,542	38,147	36,939
Income before income taxes and minority interests	209,005	275,361	265,560	153,702	144,958
Income taxes	68,900	101,100	100,700	53,800	55,700
Net income	\$ 117,489	\$ 149,122	\$ 139,493	\$ 79,162	\$ 70,402
Diluted earnings per share	\$ 1.19	\$ 1.51	\$ 1.43	\$ 0.83	\$ 0.76
Average common shares assuming dilution	99,198	98,768	97,990	95,131	93,306

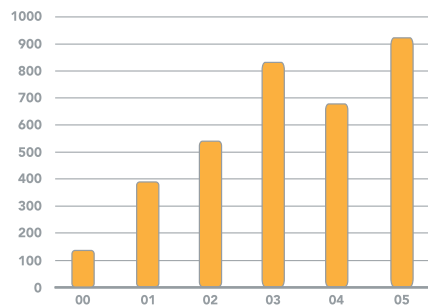
SELECTED FINANCIAL DATA UNAUDITED

(in thousands, except percentages and per share amounts)	YE 05	YE 04	YE 03	YE 02	YE 01
Revenues	\$8,061,758	\$6,722,326	\$6,213,714	\$4,704,209	\$3,750,723
Net income	\$ 485,266	\$ 349,099	\$ 451,022	\$ 234,367	\$167,268
Total assets	\$7,628,205	\$6,208,365	\$4,892,111	\$3,398,045	\$2,837,263
Notes and contracts payable	\$ 846,283	\$ 732,770	\$ 553,888	\$ 425,705	\$ 415,341
Stockholders' equity	\$3,006,547	\$2,463,564	\$1,879,520	\$1,364,589	\$1,104,452
Return of average stockholders' equity	17.7%	16.1%	27.8%	19.0%	16.9%
Cash dividends per common share (diluted)	\$ 0.72	\$ 0.60	\$ 0.50	\$ 0.33	\$ 0.27
Net income per share (diluted)	\$ 4.97	\$ 3.83	\$ 5.22	\$ 2.92	\$ 2.27

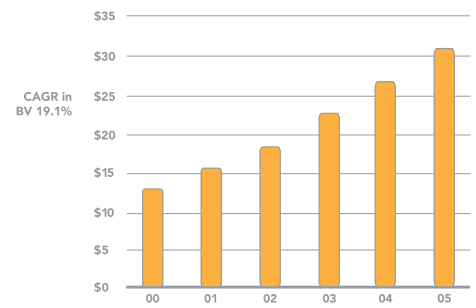
% 2005 INCOME BEFORE INCOME TAXES, MINORITY INTERESTS, AND CORPORATE EXPENSES BY BUSINESS SEGMENT



CASH FLOWS FROM OPERATING ACTIVITIES (\$ in millions)



FINANCIAL PERFORMANCE growth in book value



Certain statements made in this fact sheet, including those related to key strategies and their effects, 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.