

2<sup>ND</sup> QUARTER

# fact sheet

# 02

NYSE: FAF

52-Week Range: \$16.14 – \$23.20  
Market Capitalization: \$1.52 billion  
Average Shares Outstanding  
(diluted 2Q02): 82.6 million  
Dividend/Yield: \$0.32/1.51%  
EPS (diluted YE01): \$2.27  
EPS (diluted 2Q02): \$0.51  
EPS (consensus YE02E): \$2.04  
P/E (consensus YE02E): 9.4  
(based on \$20.33 stock price)  
Book Value (2Q02): \$17.08  
EBIDTA/Share (YE01): \$6.17  
Return on Equity (YE01): 16.9%  
Debt to Capital (YE01): 24%  
A.M. Best Rating of "A+" (Superior)

#### INVESTOR CONTACT

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Director of Investor Relations

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*The First American Corporation*

# COMPANY profile

The First American Corporation (NYSE: FAF) is a *Fortune* 500® company that traces its history to 1889. As the nation's leading, diversified provider of business information, the Company supplies businesses and consumers with the information resources that affect the major economic events of people's lives, such as getting a job; renting an apartment; buying a car, house, boat, or airplane; securing a mortgage; opening or buying a business; and planning for retirement. The First American Family of Companies, many of which command leading market share positions in their respective industries, operate within seven primary business segments, including: Title Insurance and Services, Specialty Insurance, Trust and Other Services, Mortgage Information, Property Information, Credit Information, and Screening Information. With revenues of \$3.75 billion in 2001, First American has more than 22,500 employees in approximately 1,300 offices throughout the United States and abroad. More information about the company and an archive of its press releases can be found at [www.firstam.com](http://www.firstam.com).

## from the president:

The second quarter of 2002 was a good one for First American. Revenues were \$1.09 billion. After-tax earnings were \$40.1 million, or 51 cents per diluted share. Revenues for the first half of 2002 exceeded \$2 billion.

Order counts in our real estate-related businesses are very strong. Our mortgage credit orders at the end of July were running in excess of 43,000 orders per day, 15 percent above our daily average in June and 20 percent above our May average. The Mortgage Bankers Association, which tracks mortgage applications, reports applications are up 53 percent over last year. Mortgage rates are very low and dropping. This rate environment indicates we will continue to see very strong order levels in our real estate-related businesses.



**Parker S. Kennedy**  
President

As we prepare for volume increases, we have been working very hard to develop and implement technologies that will allow us to improve efficiencies in all of our businesses. The rollout of our FAST Transaction System, the industry's first completely integrated, Internet-based, title and escrow system, is ahead of schedule. Through the second quarter, we had implemented the FAST Transaction System in 557 offices. As of

July 24, the FAST System has been installed in 668 offices. Our goal for the third quarter is to have the FAST Transaction System installed in more than 800 of our 1,100 title offices. In the second quarter, 272,600 orders were processed through the FAST Transaction System.

I am confident that this system will forever change our industry. Title searches, title production, and closings will be executed with efficiencies never before seen in our industry. By digitizing and centralizing our production, we will be able to move information anywhere so searches on U.S. properties can be done anywhere in the world.

We will start realizing the benefits of the new system starting next year. Rollout costs will start to decline later this year, and productivity benefits will begin to be realized early next year. Our business volume remains high. Interest rates continue at very favorable levels, and the outlook for the remainder of the year is very good.



### **Buy FAF Stock Direct**

Contact a Shareholder Services Representative for information on First American's Direct Purchase and Dividend Reinvestment Plan.

### **Shareholder Services**

Tel: (800) 894-4076

Email: [shareholderservices.trust@firstam.com](mailto:shareholderservices.trust@firstam.com)

By mail:

First American Trust, FSB

Corporate Transfer Department

421 N. Main Street, Santa Ana, CA 92701



## SEGMENT

# Overview

### Financial Services

#### Title Insurance and Services

Residential Title Insurance  
 National Commercial Title  
 National Homebuilder Services  
 National Relocation Services  
 National Default Title Services  
 International Title Insurance  
 Title and Escrow Systems  
 1031 Tax-deferred Exchange  
 EAGLE 9™ UCC Insurance  
 Equity Loan Services  
 Lender Services  
 Transportation Title Services  
 Vacation Ownership Services  
 Vendor Management Services

#### Specialty Insurance

Property & Casualty Insurance  
 Specialty Insurance  
 Home Warranty

#### Trust & Other Services

Banking Services  
 Investment Management  
 Trust Services

### Financial Services Peers

Fidelity National Financial (FNF),  
 LandAmerica Financial Group (LFG)  
 Price-to-earnings multiple: 8-10

#### American International Group (AIG)

Price-to-earnings multiple: 26

#### Wells Fargo (WFC)

Price-to-earnings multiple: 17

### Information Technology

#### Mortgage Information

Credit Reporting Management  
 Default Management Services  
 Field Inspections  
 Flood Determination & Compliance  
 Mortgage Document Services  
 Mortgage Servicing Systems  
 Online Commercial Evaluation  
 Tax Reporting: Commercial  
 Tax Reporting: Residential

#### Property Information

Appraisal & Property Valuation  
 Database Management &  
 Document Imaging  
 Natural Hazard Disclosures  
 Property Information & Map Imaging  
 Title Plant & Document Imaging

#### Credit Information

Credit Automation Services  
 Credit Reporting Services  
 Membership Services  
 Subprime Consumer Information  
 Vehicle Title Insurance

#### Screening Information

Pre-employment Screening  
 Motor Vehicle Reports  
 Substance Abuse Screening  
 Resident Screening

### Information Technology Peers

Fidelity National  
 Information Solutions (FNIS)  
 Price-to-earnings multiple: 37

#### Axiom Corporation (ACXM)

Price-to-earnings multiple: 35

#### Equifax (EFX)

Price-to-earnings multiple: 23

#### Choicepoint (CPS)

Price-to-earnings multiple: 48

## STRENGTH IN

# numbers

First American's stock performance has a **10**-year

compound annual growth rate of **24** percent, which is

**2** times that of the S&P **500**.

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## SECOND QUARTER HIGHLIGHTS:

- Partnered with LandAmerica to merge appraisal operations and create the nation's largest real estate valuation company—80 percent owned by First American, eAppraise/IT offers the industry's most complete line of valuation products and services
- Formed Vehicle Title LLC, the exclusive provider of TitleGuard™ vehicle title insurance, the only product that provides a complete vehicle history report and protects used-car buyers from fraud, title defects, and odometer rollback
- Created the nation's largest Web-based MLS software provider serving more than 50 percent of the fast-growing, Web-based MLS market



**CONSOLIDATED SUMMARY STATEMENTS OF INCOME (UNAUDITED)**

*(In thousands—except per share amounts)*

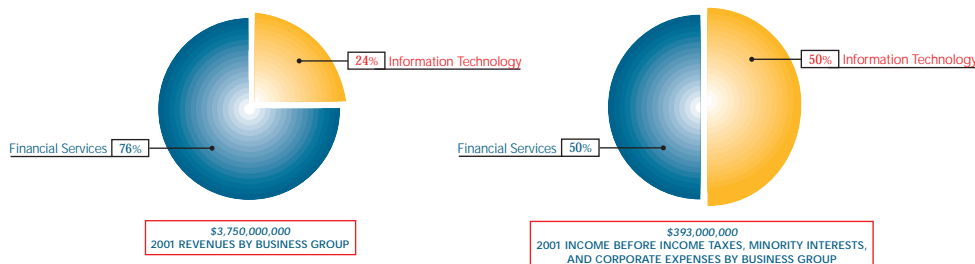
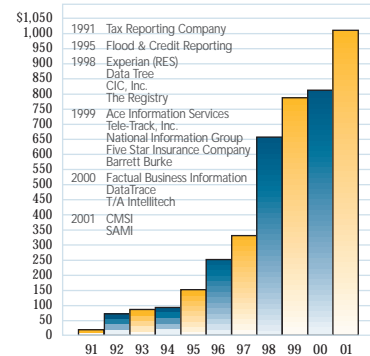
	Q2 02	Q1 02	Q4 01	Q3 01	Q2 01
Operating revenues					
<i>Financial Services</i>					
Title Insurance and Services	\$ 798,225	\$ 743,971	\$ 778,949	\$ 693,235	\$ 653,286
Specialty Insurance	33,580	29,312	27,805	29,156	28,337
Trust and Other Services	11,538	11,156	10,577	10,419	9,892
Total Financial Services	843,343	784,439	817,331	732,810	691,515
<i>Information Technology</i>					
Mortgage Information	108,530	108,130	111,455	104,818	105,094
Property Information	57,453	55,110	56,868	51,834	51,771
Credit Information	50,548	52,999	52,856	48,989	48,627
Screening Information	25,597	23,441	13,506	14,324	11,003
Total Information Technology	242,128	239,680	219,966	216,494	190,911
Total operating revenues	1,085,471	1,024,119	1,052,017	952,776	908,009
Investment and other income	6,949	18,862	20,915	30,232	20,033
Total revenues	1,092,420	1,042,981	1,072,932	983,008	928,042
Expenses	1,012,366	954,422	972,277	899,653	821,710
Income before income tax and minority interests	80,054	88,559	100,655	83,357	106,330
Income tax	26,300	31,000	34,300	30,500	39,200
Minority interests	13,633	13,484	14,075	11,160	12,615
Net income	\$ 40,121	\$ 44,075	\$ 52,280	\$ 41,695	\$ 54,517
Diluted earnings per share	\$ 0.51	\$ 0.57	\$ 0.68	\$ 0.55	\$ 0.75
Average common shares assuming dilution	82,672	80,985	79,667	78,872	74,960
Cash dividends per share	\$ 0.08	\$ 0.08	\$ 0.07	\$ 0.07	\$ 0.06

*(In thousands, except percentages and per share amounts)*

Selected Financial Data	YE 01	YE 00	YE 99*	YE 98	YE 97
Revenue	\$3,750,723	\$2,934,255	\$2,988,169	\$2,943,880	\$1,962,001
Net income	\$ 167,268	\$ 82,223	\$ 88,643	\$ 201,527	\$ 67,765
Total assets	\$2,837,263	\$2,199,737	\$2,116,414	\$1,852,731	\$1,220,377
Notes and contracts payable	\$ 415,341	\$ 219,838	\$ 196,815	\$ 143,466	\$ 51,720
Stockholders' equity	\$1,104,452	\$ 870,237	\$ 815,991	\$ 762,265	\$ 442,783
Return of average stockholders' equity	16.9%	9.8%	10.9%	33.4%	16.4%
Cash dividends on common shares	\$ 18,210	\$ 15,256	\$ 15,840	\$ 13,894	\$ 14,035
Net income per share (diluted)	\$ 2.27	\$ 1.24	\$ 1.34	\$ 3.21	\$ 1.16

\*Net income excludes cumulative effect of change in accounting for tax service contracts.

STRATEGIC ACQUISITIONS  
Non-Title Insurance Operating Revenues in Millions



The First American Corporation

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NYSE: FAF

Certain statements made in this fact sheet, including statements related to the effect of interest rates on order volume and efficiencies gained through the implementation of the FAST Transaction System, are forward looking. 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; general volatility in the capital markets; changes in applicable government regulations; consolidation among the company's significant customers and competitors; legal proceedings commenced by the California attorney general and related litigation; 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 December 31, 2001, 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.