

# Third Quarter 2009 Earnings



**The First American Corporation**

**October 29, 2009**



# Safe Harbor Statement

Certain statements made in this presentation, including but not limited to those relating to new sales commitments, potential closings and a strong sales pipeline for the Information Solutions Group; opportunities created by the acquisition of BasePoint Analytics, including the potential to improve penetration of foreign markets; the provision of tax services to the government of Mexico; estimated opened and closed title orders per day for October 2009 and the trend related thereto; potential amounts, sources and uses of holding company cash; the dividend policy of the company and the Financial Services and Information Solutions companies prior to and following the company's previously announced spin-off; the consummation and timing of the potential acquisition by the company of the minority interests in First Advantage Corporation and First American Real Estate Solutions LLC, and the effect thereof on the company's financial and operational flexibility, organizational complexity, operational efficiency and value for shareholders; the timing of the consummation of the spin-off and certain milestones related thereto, and the funding of the two resulting companies; the company's fourth quarter and six month outlook; the goals of the Information Solutions Group and its ability to meet such goals; personnel costs of the Financial Services Group; the effects of centralization efforts; the Financial Services Group commercial pipeline and the positioning of the company for a commercial market recovery; improvement in margins of the Financial Services Group in 2010 and its 2010 strategic plan; and trends in the company's claims experience; 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 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 and 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 and services segment and certain other of the company's businesses; the inability to consummate the spin-off transaction or to consummate it in the form originally proposed as a result of, among other factors, the inability to obtain necessary regulatory approvals, the failure to obtain the final approval of the company's board of directors, the inability to obtain third party consents or undesirable concessions or accommodations required to be made to obtain such consents, the landscape of the real estate and mortgage credit markets, market conditions, the inability to transfer assets into the entity being spun-off or unfavorable reactions from customers, ratings agencies, investors or other interested persons; the inability to realize the benefits of the proposed spin-off transaction as a result of the factors described immediately above, as well as, among other factors, increased borrowing costs, competition between the resulting companies, unfavorable reactions from employees, the inability of the Financial Services company to pay the anticipated level of dividends, the triggering of rights and obligations by the transaction or any litigation arising out of or related to the separation; consolidation among the company's significant customers and competitors; changes in the company's ability to integrate businesses which it acquires; unfavorable economic conditions; impairments in the company's goodwill or other intangible assets; losses in the company's investment portfolio; expenses of and funding obligations to the company's pension plan; weakness in the commercial real estate market and increases in the amount or severity of commercial real estate transaction claims; and other factors described in Part I, Item 1A of the company's annual report on Form 10-K for the year ended Dec. 31, 2008, as updated in Part II, Item 1A of the company's quarterly reports on Form 10-Q for the quarters ended March 31 and June 30, 2009, 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), including adjusted pretax income, EBITDA and adjusted EBITDA. Adjusted pretax income and adjusted EBITDA are adjusted to exclude net realized investment gains or losses, employee separation costs, facilities and other restructuring charges, reserve strengthening and adjustments and certain intangible impairments. Although these exclusions represent actual gains, losses or expenses to the Company, they may mask the periodic income and financial and operating trends associated with the Company's business. EBITDA excludes interest payments, taxes, depreciation and amortization and, as a result, has the effect of showing a greater amount of earnings than net income. The Company uses EBITDA to measure the performance of its management team. Interest rates, tax rates and depreciation and amortization expense applicable to the Company generally are outside the control of management, and the Company believes it can be useful to judge performance independent of those variables. To compensate for the inherent limitations of these non-GAAP measures, the Company uses them in conjunction with the corresponding GAAP measures.

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.

# Consolidated Earnings Summary

(\$ in millions, except per share data)

	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q3 2009 Q3 2008 Variance	Q3 2009 Q2 2009 Variance
<b>Revenues:</b>							
Direct	\$ 1,059.4	\$ 1,152.8	\$ 1,020.9	\$ 943.4	\$ 1,076.1	(1.6)%	(8.1)%
Agent	450.8	351.0	298.3	360.4	437.0	3.2%	28.4%
	<u>\$ 1,510.2</u>	<u>\$ 1,503.8</u>	<u>\$ 1,319.2</u>	<u>\$ 1,303.8</u>	<u>\$ 1,513.1</u>	(0.2)%	0.4%
Investment <sup>(a)</sup>	50.2	55.3	57.6	49.9	56.1	(10.5)%	(9.2)%
Total revenues <sup>(a)</sup>	<u>\$ 1,560.4</u>	<u>\$ 1,559.1</u>	<u>\$ 1,376.8</u>	<u>\$ 1,353.7</u>	<u>\$ 1,569.2</u>	(0.6)%	0.1%
<b>Expenses:</b>							
Salaries and other <sup>(b)</sup>	\$ 463.4	\$ 474.2	\$ 458.3	\$ 434.8	\$ 498.8	(7.1)%	(2.3)%
Agent retention	363.4	278.6	239.6	286.0	347.4	4.6%	30.4%
Other operating <sup>(c)</sup>	431.5	449.9	426.3	398.4	436.1	(1.1)%	(4.1)%
Loss provision <sup>(d)</sup>	105.6	104.6	89.4	111.4	121.9	(13.4)%	1.0%
Dep. and amort. <sup>(e)</sup>	51.3	50.9	52.0	57.0	60.0	(14.5)%	0.8%
Premium taxes	10.3	8.6	7.8	9.6	12.5	(17.6)%	19.8%
Interest	13.6	15.7	16.1	16.3	17.6	(22.7)%	(13.4)%
Total expenses	<u>\$ 1,439.2</u>	<u>\$ 1,382.7</u>	<u>\$ 1,289.4</u>	<u>\$ 1,313.5</u>	<u>\$ 1,494.3</u>	(3.7)%	4.1%
Adjusted pretax income <sup>(f)</sup>	<u>\$ 121.2</u>	<u>\$ 176.4</u>	<u>\$ 87.4</u>	<u>\$ 40.2</u>	<u>\$ 74.9</u>	61.8%	(31.3)%
+ Net realized investment gains (losses)	5.1	(21.8)	1.0	(3.1)	(50.2)		
- Employee separation costs	2.9	1.7	4.6	11.7	14.9		
- Facilities and other restructuring charges	3.8	-	0.8	8.3	7.8		
- Reserve adjustments	(8.4)	-	-	78.0	-		
- Intangible impairments	10.9	0.6	-	28.7	-		
- Spin-off related cost	4.0	-	-	0.2	1.2		
GAAP pretax income (loss)	<u>\$ 113.1</u>	<u>\$ 152.3</u>	<u>\$ 83.0</u>	<u>\$ (89.8)</u>	<u>\$ 0.8</u>	NM	(25.7)%
Noncontrolling interest	\$ 15.9	\$ 23.7	\$ 18.9	\$ 9.2	\$ 10.2	55.9%	(32.9)%
Income taxes provision (benefit)	41.7	58.5	28.1	(32.1)	(1.0)	NM	(28.7)%
Net income (loss)	<u>\$ 55.4</u>	<u>\$ 70.3</u>	<u>\$ 36.0</u>	<u>\$ (66.9)</u>	<u>\$ (8.4)</u>	NM	(21.2)%
EPS diluted	\$ 0.59	\$ 0.75	\$ 0.38	\$ (0.72)	\$ (0.09)	NM	(25.0)%
Capital expenditures	\$ 27.5	\$ 16.5	\$ 18.8	\$ 32.6	\$ 35.3	(22.1)%	66.7%
Operating cash flow	\$ 158.1	\$ 170.9	\$ (18.3)	\$ 44.5	\$ 115.4	37.0%	(7.5)%

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

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

(c) Excludes facilities and other restructuring charges and spin-off related cost; see reconciliation in the appendix

(d) Excludes reserve adjustments; see reconciliation in the appendix

(e) Excludes certain intangible impairments; see reconciliation in the appendix

(f) Excludes net realized investment gains (losses), employee separation costs, facilities and other restructuring charges, reserve adjustments and certain intangible impairments; see reconciliation in the appendix

# Information Solutions Group

## Financial Highlights (a)

- Total revenues were \$526.3 million, an increase of 5.1% compared with the third quarter of 2008
- Pretax earnings were \$83.5 million, an increase of 23.0% compared with the third quarter of 2008
- Controllable expenses <sup>(b)</sup> were \$282.4 million, a 3.9% reduction compared with the third quarter of 2008
- EBITDA margin of 22.1% was up from 20.6% in Q3 2008 <sup>(c)</sup>
- Pretax margin of 15.9% in Q3 2009 up from 13.6% in Q3 2008

(a) Earnings represent actual results for the Information and Outsourcing Solutions, Data and Analytic Solutions and Risk Mitigation and Business Solutions segments and exclude allocation of net corporate expenses

(b) Controllable expenses consist of personnel costs and operating expenses not including costs of goods sold

(c) See reconciliation in the appendix

# Information Solutions Group

## Earnings

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	Q3 2009 Q3 2008 Variance	Q3 2009 Q2 2009 Variance
Operating revenue	\$ 502,943	\$ 544,569	\$ 519,601	\$ 474,197	\$ 489,008	2.8%	(7.6)%
Investment	23,342	26,161	22,523	14,401	11,837	97.2%	(10.8)%
Total revenues	\$ 526,285	\$ 570,730	\$ 542,124	\$ 488,598	\$ 500,845	5.1%	(7.8)%
Salaries and other operating	\$ 409,966	\$ 423,069	\$ 408,685	\$ 388,797	\$ 397,881	3.0%	(3.1)%
Depreciation and amort.	32,900	32,173	30,977	53,923	34,248	(3.9)%	2.3%
Interest	(113)	221	365	378	808	NM	NM
Total expenses	\$ 442,753	\$ 455,463	\$ 440,027	\$ 443,098	\$ 432,937	2.3%	(2.8)%
Pretax income	<u>\$ 83,532</u>	<u>\$ 115,267</u>	<u>\$ 102,097</u>	<u>\$ 45,500</u>	<u>\$ 67,908</u>	23.0%	(27.5)%

# Information Solutions Group

## Earnings

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> <u>Variance</u>	<u>Q3 2009</u> <u>Q2 2009</u> <u>Variance</u>
Pretax income	\$ 83,532	\$ 115,267	\$ 102,097	\$ 45,500	\$ 67,908	23.0%	(27.5)%
- Net realized investment gains (losses)	1,021	1,569	(598)	(318)	(3,936)		
+ Employee separation costs	1,491	-	768	3,611	6,341		
+ Facilities and other restructuring charges	1,377	-	-	1,877	2,084		
+ Intangible impairments	-	632	-	22,319	-		
Adj. pretax income	<u>\$ 85,379</u>	<u>\$ 114,330</u>	<u>\$ 103,463</u>	<u>\$ 73,625</u>	<u>\$ 80,269</u>	6.4%	(25.3)%
+ Depreciation & amortization (excluding impairments)	31,932	31,541	30,977	31,604	34,248	(6.8)%	1.2%
+ Interest	(113)	221	365	378	808	NM	NM
Adj. EBITDA	<u>\$ 117,198</u>	<u>\$ 146,092</u>	<u>\$ 134,805</u>	<u>\$ 105,607</u>	<u>\$ 115,325</u>	1.6%	(19.8)%
EBITDA margin <sup>(a)</sup>	22.1%	25.9%	24.6%	20.4%	20.6%	1.5 <sup>(b)</sup>	(3.8) <sup>(b)</sup>
Adj. EBITDA margin <sup>(a)</sup>	22.3%	25.7%	24.8%	21.6%	22.8%	(0.5) <sup>(b)</sup>	(3.4) <sup>(b)</sup>
Capital expenditures	\$ 16,052	\$ 10,152	\$ 10,347	\$ 16,977	\$ 15,280	5.1%	58.1%
Finite-lived intangible amortization	\$ 8,286	\$ 8,286	\$ 8,320	\$ 8,433	\$ 9,954	(16.8)%	0.0%

Note: Earnings represent actual results for the Information and Outsourcing Solutions, Data and Analytic Solutions and Risk Mitigation and Business Solutions segments and exclude allocation of net corporate expenses

(a) See reconciliation in the appendix

(b) Margin comparisons reflect percentage point changes only

# Information Solutions Group

## Key Business Metrics

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> <u>Variance</u>	<u>Q3 2009</u> <u>Q2 2009</u> <u>Variance</u>
Loans under tax service <sup>(a)</sup>	31,287	31,250	29,257	29,698	28,737	8.9%	0.1%
Flood certifications <sup>(b)</sup>	1,852	2,500	2,322	1,724	1,957	(5.4)%	(25.9)%
Broker price opinions <sup>(c)</sup>	295	312	292	261	259	13.9%	(5.4)%
Title plant searches <sup>(d)</sup>	848	1,036	1,037	775	579	46.5%	(18.1)%
Document image requests <sup>(e)</sup>	612	640	679	572	655	(6.6)%	(4.4)%
Credit orders <sup>(f)</sup>	2,217	2,496	2,538	2,010	2,046	8.4%	(11.2)%

Note:

- (a) Tax service life of loan orders under service
- (b) Flood certifications ordered per quarter
- (c) Broker price opinions ordered per quarter
- (d) Title plant searches ordered per quarter
- (e) Document image requests per quarter
- (f) Credit reports ordered per quarter

# Information Solutions Group

## Operational Highlights

- Sales activities
  - New sales commitments in the quarter representing \$33 million in annual revenue
  - Continued market share gains in many key lines of business
  - Enhanced “Go-to-market” strategy
- New products and markets
  - Introduction of Encore, an enhanced credit product offered through FADV
  - LoanSafe Fraud Manager, an enhanced fraud management solution
  - BasePoint Analytics acquisition in Q2 creates new opportunities
    - Introduction of FraudMark, a new fraud management product
    - Potential to improve penetration of foreign markets
- Consolidation and integration activities
  - Streamlining structure
    - Letter of intent on Experian JV amendment
    - FADV exchange offer
    - BasePoint Analytics Buy-in of 60%
  - Ongoing emphasis on expense reductions

# Financial Services Q3 Summary

- GAAP title insurance pretax margin: 5.9%
- Adjusted title insurance pretax margin: 4.9% (a)
- Ultimate loss ratio for policy year 2009 lowered from 6.5% to 6.0%, due to improved claims experience
- Fee per file: \$1,423 (up 9% from Q2)

## Opened Orders / Day

Q2 '09	8,800
July	7,000
August	6,800
September	7,100
October Est.	7,600

## Closed Orders / Day

Q2 '09	6,800
July	6,200
August	5,500
September	5,200
October Est.	5,100

# Financial Services Group Earnings

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	Q3 2009 Q3 2008 <u>Variance</u>	Q3 2009 Q2 2009 <u>Variance</u>
Operating revenue	\$ 1,034,635	\$ 988,842	\$ 826,168	\$ 858,293	\$ 1,055,452	(2.0)%	4.6%
Investment	33,449	10,903	36,042	37,441	(4,838)	NM	NM
Total revenues	<u>\$ 1,068,084</u>	<u>\$ 999,745</u>	<u>\$ 862,210</u>	<u>\$ 895,734</u>	<u>\$ 1,050,614</u>	1.7%	6.8%
Salaries and other operating	\$ 982,257	\$ 914,829	\$ 830,669	\$ 966,765	\$ 1,055,927	(7.0)%	7.4%
Depreciation and amort.	16,432	17,111	18,492	20,978	22,256	(26.2)%	(4.0)%
Interest	3,435	4,311	4,765	4,747	5,832	(41.1)%	(20.3)%
Total expenses	<u>\$ 1,002,124</u>	<u>\$ 936,251</u>	<u>\$ 853,926</u>	<u>\$ 992,490</u>	<u>\$ 1,084,015</u>	(7.6)%	7.0%
Pretax income (loss)	<u>\$ 65,960</u>	<u>\$ 63,494</u>	<u>\$ 8,284</u>	<u>\$ (96,756)</u>	<u>\$ (33,401)</u>	NM	3.9%
Net realized investment gains (losses)	\$ 4,940	\$ (21,821)	\$ 1,087	\$ (2,560)	\$ (47,692)	NM	NM
Capital expenditures	12,055	5,969	8,423	15,345	19,655	(38.7)%	NM

# Title Insurance Results

(\$ in millions)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> <u>Variance</u>	<u>Q3 2009</u> <u>Q2 2009</u> <u>Variance</u>
Revenues:							
Direct	\$ 515.5	\$ 570.4	\$ 460.8	\$ 427.8	\$ 546.5	(5.7)%	(9.6)%
Agent	450.9	351.1	298.3	360.4	436.9	3.2%	28.4%
	<u>\$ 966.4</u>	<u>\$ 921.5</u>	<u>\$ 759.1</u>	<u>\$ 788.2</u>	<u>\$ 983.4</u>	(1.7)%	4.9%
Investment <sup>(a)</sup>	25.2	29.4	31.4	36.2	39.0	(35.4)%	(14.3)%
Total revenues <sup>(a)</sup>	<u>\$ 991.6</u>	<u>\$ 950.9</u>	<u>\$ 790.5</u>	<u>\$ 824.4</u>	<u>\$ 1,022.4</u>	(3.0)%	4.3%
Expenses:							
Salaries and other <sup>(b)</sup>	\$ 275.3	\$ 281.8	\$ 263.9	\$ 254.0	\$ 301.5	(8.7)%	(2.3)%
Agent retention	363.4	278.6	239.6	286.0	347.4	4.6%	30.4%
Other operating <sup>(c)</sup>	218.3	223.0	205.3	197.0	237.4	(8.0)%	(2.1)%
Loss provision <sup>(d)</sup>	58.0	59.9	49.3	58.6	72.6	(20.1)%	(3.2)%
Dep. and amort.	15.5	16.2	17.5	20.0	21.3	(27.2)%	(4.3)%
Premium taxes	9.1	7.6	6.7	8.6	11.3	(19.5)%	19.7%
Interest	3.4	4.3	4.8	4.7	5.8	(41.4)%	(20.9)%
Total expenses	<u>\$ 943.0</u>	<u>\$ 871.4</u>	<u>\$ 787.1</u>	<u>\$ 828.9</u>	<u>\$ 997.3</u>	(5.4)%	8.2%
Adjusted pretax income (loss) <sup>(e)</sup>	<u>\$ 48.6</u>	<u>\$ 79.5</u>	<u>\$ 3.4</u>	<u>\$ (4.5)</u>	<u>\$ 25.1</u>	93.6%	(38.9)%
+ Net realized investment gains (losses)	5.5	(15.5)	1.5	(1.1)	(44.6)		
- Employee separation costs	1.5	1.7	3.9	8.0	8.6		
- Lease termination costs	2.5	-	0.8	5.5	5.7		
- Reserve adjustments	(8.4)	-	-	78.0	-		
GAAP pretax income (loss)	<u>\$ 58.5</u>	<u>\$ 62.3</u>	<u>\$ 0.2</u>	<u>\$ (97.1)</u>	<u>\$ (33.8)</u>	NM	(6.1)%
GAAP pretax margin	5.9%	6.6%	0.0%	(11.8)%	(3.4)%	9.3 <sup>(f)</sup>	(0.7) <sup>(f)</sup>
Adjusted pretax margin <sup>(e)</sup>	4.9%	8.4%	0.4%	(0.5)%	2.5%	2.4 <sup>(f)</sup>	(3.5) <sup>(f)</sup>

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

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

(e) Excludes net realized investment gains (losses), employee separation costs, lease termination costs and reserve adjustments; see reconciliation in the appendix

(f) Margin comparisons reflect percentage point changes only

# Liquidity Summary

(\$ in millions)

## Target sources of holding company cash for remainder of 2009

Cash at holding company (as of 9/30/09)	\$ 113
Dividends and distributions from subsidiaries	96
Total sources	<u>\$ 209</u>

## Expected uses of holding company cash for remainder of 2009

Principal and interest payments	\$ 11
Common stock dividends	21
Tax payments	29
Other cash uses	15
Total uses	<u>\$ 76</u>

Targeted 12/31/09 balance	\$ 133
---------------------------	--------

# Dividend Policy

- Pre-spin:
  - Current \$82 million / year dividend expected to continue until spin-off
- Post-spin expected dividend policy:
  - Financial Services: \$24 million / year
  - Information Solutions: No dividend

# Minority Interest Update

- FADV exchange offer projected to close November 10, 2009 (Issuance of approximately \$300 million of FAF common equity – including \$69 million to Experian)
- Buy-out of Experian interest in FARES joint venture:

	<u>Value</u>	<u>Consideration</u>
– DataTree / DataTrace buyout	\$48 million	Cash
– Fixed price for buy-out option	\$314 million <sup>(a)</sup>	Cash
– Q3 YTD Experian minority interest expense:	\$43.8 million	

# Spin-off Timing and Next Steps

## Milestone

- Tax free ruling submission
- Form 10 / Investor Call
- Investor Day
- Targeted Completion Date

## Timing

November

Early December

March

April 1<sup>st</sup>



# Appendix

# Information and Outsourcing Solutions Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> <u>Variance</u>	<u>Q3 2009</u> <u>Q2 2009</u> <u>Variance</u>
Tax and flood	\$ 82,861	\$ 90,065	\$ 82,298	\$ 63,007	\$ 73,246	13.1%	(8.0)%
Collateral valuation	79,926	98,556	65,135	46,147	46,610	71.5%	(18.9)%
Default	62,977	65,957	52,565	47,297	56,592	11.3%	(4.5)%
Other	2,023	937	3,561	4,846	5,366	(62.3)%	115.9%
Total revenues <sup>(a)</sup>	<u>\$ 227,787</u>	<u>\$ 255,515</u>	<u>\$ 203,559</u>	<u>\$ 161,297</u>	<u>\$ 181,814</u>	25.3%	(10.9)%
Adj. pretax income <sup>(b)</sup>	\$ 44,464	\$ 65,263	\$ 57,162	\$ 23,230	\$ 34,275	29.7%	(31.9)%
GAAP pretax margin	19.3%	25.4%	27.7%	14.0%	17.3%	2.0 <sup>(c)</sup>	(6.1) <sup>(c)</sup>
Adj. pretax margin	19.5%	25.5%	28.1%	14.4%	18.9%	0.6 <sup>(c)</sup>	(6.0) <sup>(c)</sup>

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

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

(b) Income before income taxes and noncontrolling interest expense; excludes employee separation costs and facilities and other restructuring charges; see reconciliation in the appendix

(c) Margin comparisons reflect percentage point changes only

# Data and Analytic Solutions Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009 Q3 2008 Variance</u>	<u>Q3 2009 Q2 2009 Variance</u>
Property data and analytics	\$ 99,725	\$ 106,308	\$ 108,276	\$ 105,018	\$ 105,228	(5.2)%	(6.2)%
Other real estate products	17,718	18,757	18,047	19,096	18,677	(5.1)%	(5.5)%
Other	9,881	10,501	9,609	9,515	10,610	(6.9)%	(5.9)%
Total revenues <sup>(a)</sup>	<u>\$ 127,324</u>	<u>\$ 135,566</u>	<u>\$ 135,932</u>	<u>\$ 133,629</u>	<u>\$ 134,515</u>	(5.3)%	(6.1)%
Adj. pretax income <sup>(b)</sup>	\$ 21,322	\$ 27,258	\$ 27,581	\$ 30,073	\$ 20,851	2.3%	(21.8)%
GAAP pretax margin	16.5%	20.8%	20.0%	18.3%	11.6%	4.9 <sup>(c)</sup>	(4.3) <sup>(c)</sup>
Adj. pretax margin <sup>(b)</sup>	16.7%	20.1%	20.3%	22.5%	15.5%	1.2 <sup>(c)</sup>	(3.4) <sup>(c)</sup>

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

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

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

(c) Margin comparisons reflect percentage point changes only

# Risk Mitigation and Business Solutions Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> <u>Variance</u>	<u>Q3 2009</u> <u>Q2 2009</u> <u>Variance</u>
Total revenues <sup>(a)</sup>	\$ 170,154	\$ 178,079	\$ 203,231	\$ 193,990	\$ 188,453	(9.7)%	(4.5)%
Adj. pretax income <sup>(b)</sup>	\$ 19,593	\$ 21,809	\$ 18,721	\$ 20,322	\$ 25,142	(22.1)%	(10.2)%
GAAP pretax margin	10.8%	12.2%	9.2%	(0.8)%	11.4%	(0.6) <sup>(c)</sup>	(1.4) <sup>(c)</sup>
Adj. pretax margin	11.5%	12.2%	9.2%	10.5%	13.3%	(1.8) <sup>(c)</sup>	(0.7) <sup>(c)</sup>

Note: Results for the Risk Mitigation and Business Solutions segment only. Excludes corporate expenses.

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

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

(c) Margin comparisons reflect percentage point changes only

# Information Solutions Group

## Operational and Financial Highlights

### Total Revenues

Q3 year-over-year increase of 5.1%  
Q3 sequential decrease of 7.8%

- Strong origination and default markets fueled year-over-year revenue growth
- Market share gains in many key operations
- Continued strong sales pipeline
- Focus on streamlining corporate structure in anticipation of spin-off scheduled for 1H 2010

### Controllable Expenses <sup>(a)</sup>

Q3 year-over-year decrease of 3.9%  
Q3 sequential increase of 1.8%

- Domestic headcount down 3.8% relative to Q3-08
- Sequential quarter increase attributed to headcount growth needed to support business enhancements
- Continued emphasis on cost control even as we continue to develop new products and build corporate infrastructure

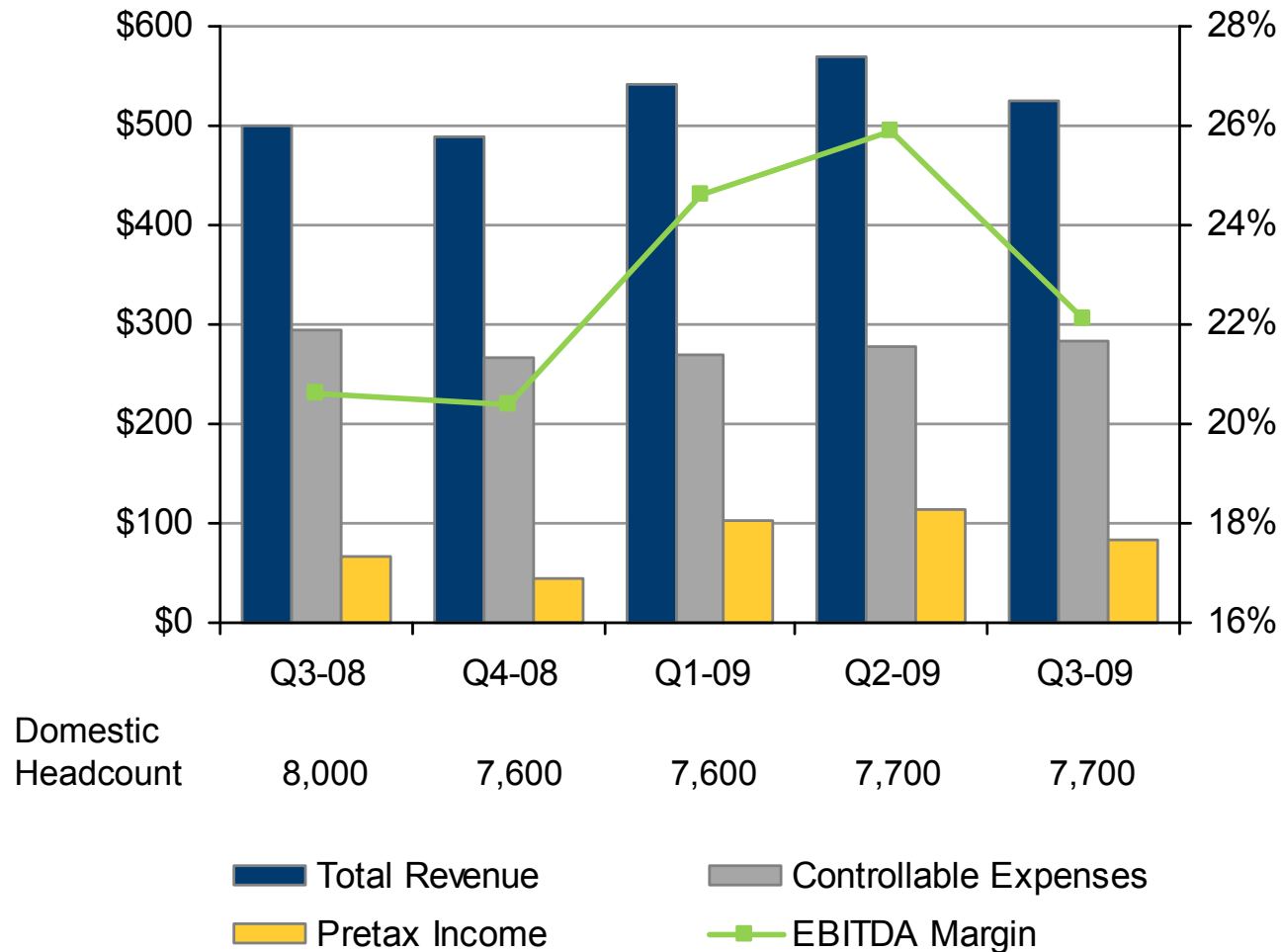
### EBITDA Margins

- Q3-09 of 22.1%
- Q2-09 of 25.9%
- Q3-08 of 20.6%

# Information Solutions Group

## Operational and Financial Highlights

(\$ in millions)



# Title Insurance Results

- National Commercial Services <sup>(a)</sup> generated revenue of \$52.4 million in the third quarter, a 33.9% decrease over prior year

(\$ in millions)

National Commercial Services	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	Q3 2009 Q3 2008 <u>Variance</u>	Q3 2009 Q2 2009 <u>Variance</u>
Total revenues	\$ 52.4	\$ 52.3	\$ 42.5	\$ 61.8	\$ 79.3	(33.9)%	0.2%
Title orders opened	14,616	14,401	13,463	12,857	14,873	(1.7)%	1.5%
Title orders closed	7,527	7,058	6,739	7,586	7,472	0.7%	6.6%

(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

# Reconciliation of Segment Results

	(\$ in thousands)					Q3 2009 Q3 2008 Variance	Q3 2009 Q2 2009 Variance
	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008		
<b>Consolidated</b>							
GAAP investment income	\$ 55,301	\$ 33,582	\$ 58,644	\$ 46,854	\$ 5,897	NM	64.7%
- Net realized investment gains (losses)	5,106	(21,760)	1,030	(3,081)	(50,201)		
Adjusted investment income	\$ 50,195	\$ 55,342	\$ 57,614	\$ 49,935	\$ 56,098	(10.5)%	(9.3)%
GAAP total revenues	\$ 1,565,482	\$ 1,537,380	\$ 1,377,813	\$ 1,350,612	\$ 1,518,970	3.1%	1.8%
- Net realized investment gains (losses)	5,106	(21,760)	1,030	(3,081)	(50,201)		
Adjusted total revenues	\$ 1,560,376	\$ 1,559,140	\$ 1,376,783	\$ 1,353,693	\$ 1,569,171	(0.6)%	0.1%
GAAP salaries and other personnel costs	\$ 466,321	\$ 475,942	\$ 462,860	\$ 446,532	\$ 513,710	(9.2)%	(2.0)%
- Employee separation costs	2,900	1,700	4,600	11,700	14,900		
Adjusted salaries and other personnel costs	\$ 463,421	\$ 474,242	\$ 458,260	\$ 434,832	\$ 498,810	(7.1)%	(2.3)%
GAAP other operating	\$ 439,325	\$ 449,910	\$ 427,131	\$ 406,857	\$ 445,103	(1.3)%	(2.4)%
- Facilities and other restructuring charges	3,800	-	800	8,300	7,800		
- Spin-off related costs	4,000	-	-	171	1,243		
Adjusted other operating	\$ 431,525	\$ 449,910	\$ 426,331	\$ 398,386	\$ 436,060	(1.0)%	(4.1)%
GAAP loss provision	\$ 97,181	\$ 104,616	\$ 89,391	\$ 189,439	\$ 121,903	(20.3)%	(7.1)%
- Reserve adjustments	(8,403)	-	-	78,010	-		
Adjusted loss provision	\$ 105,584	\$ 104,616	\$ 89,391	\$ 111,429	\$ 121,903	(13.4)%	0.9%
GAAP depreciation and amortization	\$ 62,260	\$ 51,532	\$ 52,002	\$ 85,726	\$ 59,992	3.8%	20.8%
- Intangible impairments	10,940	600	-	28,700	-		
Adjusted depreciation and amortization	\$ 51,320	\$ 50,932	\$ 52,002	\$ 57,026	\$ 59,992	(14.5)%	0.8%
GAAP pretax income (loss)	\$ 113,000	\$ 152,414	\$ 83,013	\$ (89,794)	\$ 822	NM	(25.9)%
- Net realized investment gains (losses)	5,106	(21,760)	1,030	(3,081)	(50,201)		
+ Employee separation costs	2,900	1,700	4,600	11,700	14,900		
+ Facilities and other restructuring charges	3,800	-	800	8,300	7,800		
+ Reserve adjustments	(8,403)	-	-	78,010	-		
+ Intangible impairments	10,940	600	-	28,700	-		
+ Spin-off related cost	4,000	-	-	171	1,243		
Adjusted pretax income	\$ 121,131	\$ 176,474	\$ 87,383	\$ 40,168	\$ 74,966	61.6%	(31.4)%

# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009 Q3 2008 Variance</u>	<u>Q3 2009 Q2 2009 Variance</u>
<b>Information Solutions</b>							
GAAP total revenues	\$ 526,285	\$ 570,730	\$ 542,124	\$ 488,598	\$ 500,845	5.1%	(7.8)%
- Net realized investment gains (losses)	1,021	1,569	(598)	(318)	(3,936)		
Adjusted total revenues	<u>\$ 525,264</u>	<u>\$ 569,161</u>	<u>\$ 542,722</u>	<u>\$ 488,916</u>	<u>\$ 504,781</u>	4.1%	(7.7)%
GAAP pretax income	\$ 83,532	\$ 115,267	\$ 102,098	\$ 45,500	\$ 67,907	23.0%	(27.5)%
+ Interest	(113)	221	365	378	808		
+ Depreciation and amortization	32,900	32,173	30,977	53,923	34,248		
EBITDA	<u>\$ 116,319</u>	<u>\$ 147,661</u>	<u>\$ 133,439</u>	<u>\$ 99,801</u>	<u>\$ 102,964</u>	13.0%	(21.2)%
- Net realized investment gains (losses)	1,021	1,569	(598)	(318)	(3,936)		
+ Employee separation costs	1,491	-	768	3,611	6,341		
+ Facilities and other restructuring charges	409	-	-	1,877	2,084		
Adjusted EBITDA	<u>\$ 117,198</u>	<u>\$ 146,092</u>	<u>\$ 134,805</u>	<u>\$ 105,607</u>	<u>\$ 115,325</u>	1.6%	(19.8)%
EBITDA margin	22.1%	25.9%	24.6%	20.4%	20.6%		
Adjusted EBITDA margin	22.3%	25.7%	24.8%	21.6%	22.8%		

# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009 Q3 2008 Variance</u>	<u>Q3 2009 Q2 2009 Variance</u>
<b>Information and Outsourcing Solutions</b>							
GAAP total revenues	\$ 227,660	\$ 255,139	\$ 203,245	\$ 161,017	\$ 181,845	25.2%	(10.8)%
- Net realized investment (losses) gains	(128)	(377)	(314)	(280)	31		
Adjusted total revenues	<u>\$ 227,788</u>	<u>\$ 255,516</u>	<u>\$ 203,559</u>	<u>\$ 161,297</u>	<u>\$ 181,814</u>	25.3%	(10.9)%
GAAP pretax income	\$ 43,900	\$ 64,886	\$ 56,246	\$ 22,546	\$ 31,407	39.8%	(32.3)%
- Net realized investment (losses) gains	(128)	(377)	(314)	(280)	31		
+ Employee separation costs	376	-	602	174	2,900		
+ Facilities and other restructuring charges	60	-	-	230	-		
Adjusted pretax income	<u>\$ 44,464</u>	<u>\$ 65,263</u>	<u>\$ 57,162</u>	<u>\$ 23,230</u>	<u>\$ 34,276</u>	29.7%	(31.9)%
+ Interest	(1,618)	(1,564)	(1,513)	(1,686)	(1,537)		
+ Depreciation and amortization	6,095	5,699	5,503	5,775	5,827		
Adjusted EBITDA	<u>\$ 48,941</u>	<u>\$ 69,398</u>	<u>\$ 61,152</u>	<u>\$ 27,319</u>	<u>\$ 38,566</u>	26.9%	(29.5)%
GAAP pretax margin	19.3%	25.4%	27.7%	14.0%	17.3%	2.0	(6.1)
Adjusted pretax margin	19.5%	25.5%	28.1%	14.4%	18.9%	0.6	(6.0)
Adjusted EBITDA margin	21.5%	27.2%	30.0%	16.9%	21.2%	0.3	(5.7)

# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> Variance	<u>Q3 2009</u> <u>Q2 2009</u> Variance
<b>Data &amp; Analytic Solutions</b>							
GAAP total revenues	\$ 129,317	\$ 137,625	\$ 135,690	\$ 133,634	\$ 130,936	(1.2)%	(6.0)%
- Net realized investment gains (losses)	1,993	2,058	(243)	6	(3,578)		
Adjusted total revenues	<u>\$ 127,324</u>	<u>\$ 135,567</u>	<u>\$ 135,933</u>	<u>\$ 133,628</u>	<u>\$ 134,514</u>	(5.3)%	(6.1)%
GAAP pretax income	\$ 21,319	\$ 28,684	\$ 27,172	\$ 24,416	\$ 15,136	40.8%	(25.7)%
- Net realized investment gains (losses)	1,993	2,058	(243)	6	(3,578)		
+ Employee separation costs	679	-	166	2,693	1,753		
+ Lease termination costs	1,317	-	-	684	384		
+ Intangible impairments	-	632	-	2,286	-		
Adjusted pretax income	<u>\$ 21,322</u>	<u>\$ 27,258</u>	<u>\$ 27,581</u>	<u>\$ 30,073</u>	<u>\$ 20,851</u>	2.3%	(21.8)%
+ Interest	1,511	1,492	1,503	1,656	1,705		
+ Depreciation and amortization	14,854	14,956	14,795	15,064	16,249		
Adjusted EBITDA	<u>\$ 37,687</u>	<u>\$ 43,706</u>	<u>\$ 43,879</u>	<u>\$ 46,793</u>	<u>\$ 38,805</u>	(2.9)%	(13.8)%
GAAP pretax margin	16.5%	20.8%	20.0%	18.3%	11.6%	4.9	(4.3)
Adjusted pretax margin	16.7%	20.1%	20.3%	22.5%	15.5%	1.2	(3.4)
Adjusted EBITDA margin	29.6%	32.2%	32.3%	35.0%	28.8%	0.8	(2.6)

# Reconciliation of Segment Results

(\$ in thousands)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q3 2009</u> <u>Q3 2008</u> Variance	<u>Q3 2009</u> <u>Q2 2009</u> Variance
<b>Risk Mitigation &amp; Business Solutions</b>							
GAAP total revenues	\$ 169,309	\$ 177,966	\$ 203,189	\$ 193,947	\$ 188,063	(10.0)%	(4.9)%
- Net realized investment losses	(845)	(113)	(42)	(43)	(389)		
Adjusted total revenues	<u>\$ 170,154</u>	<u>\$ 178,079</u>	<u>\$ 203,231</u>	<u>\$ 193,990</u>	<u>\$ 188,452</u>	(9.7)%	(4.5)%
GAAP pretax income	\$ 18,313	\$ 21,697	\$ 18,679	\$ (1,461)	\$ 21,365	(14.3)%	(15.6)%
- Net realized investment losses	(845)	(113)	(42)	(43)	(389)		
+ Employee separation costs	436	-	-	744	1,688		
+ Facilities and other restructuring charges	-	-	-	963	1,700		
+ Intangible impairments	-	-	-	20,033	-		
Adjusted pretax income	<u>\$ 19,594</u>	<u>\$ 21,810</u>	<u>\$ 18,721</u>	<u>\$ 20,322</u>	<u>\$ 25,142</u>	(22.1)%	(10.2)%
+ Interest	(6)	293	375	407	640		
+ Depreciation and amortization	10,983	10,886	10,678	10,766	12,171		
Adjusted EBITDA	<u>\$ 30,571</u>	<u>\$ 32,989</u>	<u>\$ 29,774</u>	<u>\$ 31,495</u>	<u>\$ 37,953</u>	(19.5)%	(7.3)%
GAAP pretax margin	10.8%	12.2%	9.2%	-0.8%	11.4%	(0.6)	(1.4)
Adjusted pretax margin	11.5%	12.2%	9.2%	10.5%	13.3%	(1.8)	(0.7)
Adjusted EBITDA margin	18.0%	18.5%	14.7%	16.2%	20.1%	(2.1)	(0.5)

# Reconciliation of Segment Results

(\$ in thousands)

	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q3 2009 Q3 2008 Variance	Q3 2009 Q2 2009 Variance
<b>Title Insurance</b>							
GAAP investment income (loss)	\$ 30,645	\$ 13,851	\$ 32,918	\$ 35,125	\$ (5,579)	NM	NM
- Net realized investment gains (losses)	5,474	(15,525)	1,490	(1,112)	(44,609)		
Adjusted investment income	\$ 25,171	\$ 29,376	\$ 31,428	\$ 36,237	\$ 39,030	(35.5)%	(14.3)%
GAAP total revenues	\$ 996,997	\$ 935,343	\$ 791,994	\$ 823,294	\$ 977,857	2.0%	6.6%
- Net realized investment gains (losses)	5,474	(15,525)	1,490	(1,112)	(44,609)		
Adjusted total revenues	\$ 991,523	\$ 950,868	\$ 790,504	\$ 824,406	\$ 1,022,466	(3.0)%	4.3%
GAAP salaries and other personnel costs	\$ 276,725	\$ 283,475	\$ 267,800	\$ 262,023	\$ 310,016	(10.7)%	(2.4)%
- Employee separation costs	1,455	1,719	3,870	8,045	8,552		
Adjusted salaries and other personnel costs	\$ 275,270	\$ 281,756	\$ 263,930	\$ 253,978	\$ 301,464	(8.7)%	(2.3)%
GAAP other operating	\$ 220,716	\$ 223,045	\$ 206,140	\$ 202,506	\$ 243,139	(9.2)%	(1.0)%
- Lease termination costs	2,457	-	811	5,510	5,705		
Adjusted other operating	\$ 218,259	\$ 223,045	\$ 205,329	\$ 196,996	\$ 237,434	(8.1)%	(2.1)%
GAAP loss provision	\$ 49,578	\$ 59,897	\$ 49,340	\$ 136,565	\$ 72,603	(31.7)%	(17.2)%
- Reserve adjustments	(8,403)	-	-	78,010	-		
Adjusted loss provision	\$ 57,981	\$ 59,897	\$ 49,340	\$ 58,555	\$ 72,603	(20.1)%	(3.2)%
GAAP pretax income (loss)	\$ 58,522	\$ 62,183	\$ 172	\$ (97,124)	\$ (33,716)	NM	(5.9)%
- Net realized investment gains (losses)	5,474	(15,525)	1,490	(1,112)	(44,609)		
+ Reserve adjustments	(8,403)	-	-	78,010	-		
+ Employee separation costs	1,455	1,719	3,870	8,045	8,552		
+ Facilities and other restructuring charges	2,457	-	811	5,510	5,705		
Adjusted pretax income (loss)	\$ 48,557	\$ 79,427	\$ 3,363	\$ (4,447)	\$ 25,150	93.1%	(38.9)%
GAAP pretax margin	5.9%	6.6%	0.0%	-11.8%	-3.4%	9.3	(0.7)
Adjusted pretax margin	4.9%	8.4%	0.4%	-0.5%	2.5%	2.4	(3.5)