

# The Value of First American

[ SECOND QUARTER 2007 EARNINGS REVIEW ]

August 2, 2007



*The First American Corporation*

# Safe Harbor Statement

Certain statements made in this presentation, including those relating to title margin performance, billings from major mortgage information contracts, declines in appraisal revenue, cash available to the holding company and the outlook for the future, 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”, “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; 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, 2006 as updated in Part II, Item 1A of the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2007, both 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.



# Agenda

- **Second Quarter 2007 Review**
- **Business Segment Review**
- **Selected Financial Results and Capital Management**
- **Outlook**



# Recent Highlights

- **Strong organic growth in Property Information**
- **Free Cash Flow<sup>(a)</sup> for the second quarter totaled \$119.6 million, an increase of 28.7% over prior year**
- **National Commercial Services continues to generate strong results for the Title Insurance segment**
- **Organic revenue and EBITDA growth from First Advantage**

(a) See reconciliation in the appendix



# Q2 2007 Adjusted Earnings Per Share

(\$ in thousands)

	2Q 2007 (actual)	Adjustments <sup>(a)</sup>	2Q 2007 (as adjusted)
Operating revenues	\$ 2,083,261	\$ -	\$ 2,083,261
Investment and other income	88,070	-	88,070
Gain on stock issued by subs.	7,092	-	7,092
Net realized investment (losses) gains	(20,108)	20,153	45
<b>Total revenues</b>	<b>\$ 2,158,315</b>	<b>\$ 20,153</b>	<b>\$ 2,178,468</b>
Total expenses	2,238,275	(7,468)	2,230,807
Pretax loss	<b>\$ (79,960)</b>	<b>\$ 27,621</b>	<b>\$ (52,339)</b>
Pretax margin	(3.7)%		(2.4)%
Income taxes benefit	(39,765)	10,565	(29,200)
Minority interests	25,801	-	25,801
Net loss	<b>\$ (65,996)</b>	<b>\$ 17,056</b>	<b>\$ (48,940)</b>
Net loss per share			
Basic EPS	\$ (0.68)		\$ (0.51)
Diluted EPS	\$ (0.68)		\$ (0.51)

(a) Includes pretax losses of \$20.1 million for the writedown of certain impaired assets and \$7.5 million for title branch consolidation costs



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# Second Quarter Review

- **Total revenues were essentially unchanged compared to the second quarter of 2006**
- **Operating revenues for the Information Technology business group (PISG, MISG and FADV) were \$561.4 million, up 15.2% compared to the second quarter of 2006**
- **Property Information, Specialty Insurance and First Advantage showed year over year revenue increases**
- **The net loss for the quarter was primarily due to a \$342.1 million title insurance loss provision as a result of adverse claim development, including \$243.6 million related to prior policy years**



# Loss Provision Review

- **The loss provision for title insurance claims was \$342.1 million or 23.2% of title operating revenue in the second quarter of 2007**
- **Year-to-date known title claims increased 61.8% over prior year**
- **The increase in claims is primarily a result of increases in defaults, foreclosures and mortgage fraud**
- **Due to the greater than expected increase in known title claims during the first half of the year, the Company's actuaries, both internal and external, increased estimates of expected ultimate losses for selected policy years, in particular policy years 2004, 2005 and 2006**
- **The weighted-average ultimate loss ratio for all policy years subsequent to 1987 increased from 5.23% on December 31, 2006 to 5.74% on June 30, 2007**
- **The Company is experiencing a greater level of claims from national agencies that concentrate on sub-prime business, among other sources**



# Title Insurance Claims History

(\$ in thousands)

	<u>2Q 2007</u>	<u>1Q 2007</u>	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u>	<u>2Q 2007</u> <u>1Q 2007</u> <u>Variance</u>
Paid title claims	\$ 72,056	\$ 62,393	\$ 62,139	\$ 55,765	\$ 47,319	52.3%	15.5%
Provision for title claims	\$ 342,111	\$ 96,946	\$ 86,191	\$ 84,450	\$ 237,129	44.3%	252.9%
Provision for title claims as a % of title operating revenues	23.2%	6.9%	5.6%	5.5%	15.3%	7.9 <sup>(a)</sup>	16.3 <sup>(a)</sup>

(a) Reflects percentage point changes only



# Loss Provision Review

- **Management is taking action to address the adverse claims development by enhancing efforts to:**
  - 1) Review and monitor the claims experience of selected national agents and to cancel or modify underwriting agreements where appropriate**
  - 2) Analyze the claims experience of certain products and modify the terms and conditions where appropriate**
  - 3) Provide comprehensive training for underwriting standards related to higher risk categories**
  - 4) Improve the underwriting and claims settlement process**



# Title Insurance Results

- **Total revenues in the second quarter decreased 3.7% compared to the second quarter of 2006**
- **Net revenues<sup>(a)</sup> in the second quarter were essentially unchanged compared to the second quarter of 2006**
- **International revenue for the second quarter totaled \$117.9 million, a 26.5% increase over the prior year. Pretax margin for the International title business was 15.4% for the second quarter**
- **National Commercial Services continues to perform well, increasing revenue in the second quarter to \$126.8 million or 13.7% over the prior year**

(a) Net revenues equals total revenues minus premiums retained by agents



# Title Insurance Results

(\$ in thousands)

	<u>2Q 2007</u> (actual)	<u>Adjustments<sup>(a)</sup></u>	<u>2Q 2007</u> (as adjusted)
<b>Revenues</b>			
<b>Direct</b>	\$ 818,527	\$ -	\$ 818,527
<b>Agent</b>	657,376	-	657,376
	<u>\$ 1,475,903</u>	<u>\$ -</u>	<u>\$ 1,475,903</u>
<b>Investment</b>	66,797	5,200	71,997
<b>Total revenues</b>	<u>\$ 1,542,700</u>	<u>\$ 5,200</u>	<u>\$ 1,547,900</u>
<b>Expenses</b>	1,694,444	(7,468)	1,686,976
<b>Pretax loss<sup>(b)</sup></b>	<u>\$ (151,744)</u>	<u>\$ 12,668</u>	<u>\$ (139,076)</u>
<b>Pretax margin</b>	<b>(9.8)%</b>		<b>(9.0)%</b>

(a) Includes pretax losses totaling \$5.2 million for the writedown of certain impaired assets and \$7.5 million for title branch consolidation costs

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses



# Title Insurance Results

(\$ in millions)

- **First American's National Commercial Services<sup>(a)</sup> operation continues to achieve strong results**

National Commercial Services	<u>2Q 2007</u>	<u>1Q 2007</u>	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	2Q 2007	2Q 2007
						2Q 2006	1Q 2007
						<u>Variance</u>	<u>Variance</u>
Total revenues	\$ 126.8	\$ 107.8	\$ 132.9	\$ 109.2	\$ 111.5	13.7%	17.6%
Title orders opened	23,145	23,307	18,713	17,637	17,753	30.4%	(0.7)%
Title orders closed	10,401	9,871	11,600	8,773	9,004	15.5%	5.4%

(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



# Title Insurance Results

(\$ in millions)

	<u>2Q 2007</u> (as adjusted)	<u>2Q 2007</u> (actual)	<u>1Q 2007</u> (as adjusted)	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u> (as adjusted)	<u>2Q 2007</u> <u>2Q 2006</u> Variance (as adjusted)	<u>2Q 2007</u> <u>1Q 2007</u> Variance (as adjusted)
<b>Revenues:</b>								
Direct	\$ 818.5	\$ 818.5	\$ 707.3	\$ 790.6	\$ 768.9	\$ 813.7	0.6%	15.7%
Agent	657.4	657.4	688.0	741.5	778.9	740.3	(11.2)%	(4.4)%
	<u>\$ 1,475.9</u>	<u>\$ 1,475.9</u>	<u>\$ 1,395.3</u>	<u>\$ 1,532.1</u>	<u>\$ 1,547.8</u>	<u>\$ 1,554.0</u>	(5.0)%	5.8%
Investment	72.0	66.8	66.4	65.1	55.1	48.1	49.7%	8.4%
Total revenues	<u>\$ 1,547.9</u>	<u>\$ 1,542.7</u>	<u>\$ 1,461.7</u>	<u>\$ 1,597.2</u>	<u>\$ 1,602.9</u>	<u>\$ 1,602.1</u>	(3.4)%	5.9%
<b>Expenses:</b>								
Salaries and other	\$ 458.9	\$ 462.6	\$ 425.0	\$ 458.6	\$ 448.5	\$ 465.1	(1.3)%	8.0%
Agent retention	528.6	528.6	552.2	593.0	617.4	590.5	(10.5)%	(4.3)%
Other operating	307.3	311.0	274.1	282.2	289.9	266.3	15.4%	12.1%
Loss provision	342.1	342.1	96.9	86.2	84.4	237.1	44.3%	253.0%
Dep. and amort.	25.0	25.0	21.8	24.0	20.7	19.4	28.9%	14.7%
Premium taxes	16.7	16.7	16.2	18.0	16.2	16.1	3.7%	3.1%
Interest	8.5	8.5	7.9	12.6	6.8	6.2	37.1%	7.6%
Total expenses	<u>\$ 1,687.1</u>	<u>\$ 1,694.5</u>	<u>\$ 1,394.1</u>	<u>\$ 1,474.6</u>	<u>\$ 1,483.9</u>	<u>\$ 1,600.7</u>	5.4%	21.0%
<b>Pretax (loss) income<sup>(a)</sup></b>	<u>\$ (139.2)</u>	<u>\$ (151.8)</u>	<u>\$ 67.6</u>	<u>\$ 122.6</u>	<u>\$ 119.0</u>	<u>\$ 1.4</u>	NA	(305.9)%

(a) (Loss) income before income taxes, minority interest expense and allocation of all corporate expenses



# Margin Comparison

(\$ in thousands)

	First American <sup>(a)</sup>			Fidelity National Title Group		
	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>% Change</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>% Change</u>
Total revenues	\$ 1,542,702	\$ 1,602,107	(3.7)%	\$ 1,363,357	\$ 1,556,561	(12.4)%
Agent retention	528,572	590,532	(10.5)%	462,852	544,169	(14.9)%
Net revenues <sup>(c)</sup>	\$ 1,014,130	\$ 1,011,575	0.3%	\$ 900,505	\$ 1,012,392	(11.1)%
<b>Pretax income as % of:</b>						
Total revenues	(9.8)%	(0.9)%	(8.9) <sup>(b)</sup>	9.6%	12.3%	(2.7) <sup>(b)</sup>
Net revenues	(15.0)%	(1.5)%	(13.5) <sup>(b)</sup>	14.6%	18.9%	(4.3) <sup>(b)</sup>
<b>Loss provision as % of:</b>						
Total revenues	22.2%	14.8%	7.4 <sup>(b)</sup>	5.8%	5.8%	-
Net revenues	33.7%	23.4%	10.3 <sup>(b)</sup>	8.7%	9.0%	(0.3) <sup>(b)</sup>
<b>Pretax income before loss provision as % of:</b>						
Total revenues	12.3%	13.9%	(1.6) <sup>(b)</sup>	15.4%	18.1%	(2.7) <sup>(b)</sup>
Net revenues	18.8%	22.0%	(3.2) <sup>(b)</sup>	23.3%	27.9%	(4.6) <sup>(b)</sup>

(a) Includes results for the Title Insurance segment only

(b) Reflects percentage point changes only

(c) Net revenues equals total revenues minus premiums retained by agents



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# Title Margin Performance vs. 2007 Objective

(\$ in thousands)

	2Q 2007	Adjustments <sup>(a)</sup>	Provision Add Back <sup>(b)</sup>	2Q 2007	2007 Margin Objective <sup>(c)</sup>
	(actual)			(as adjusted)	
Total revenues	\$ 1,542,702	\$ 5,200	\$ -	\$ 1,547,902	
Pretax (loss) income	(151,744)	12,668	257,262	118,187	
Pretax margin	(9.84)%			7.64%	8.05%

- In the second quarter of 2007, the Title Insurance segment posted a normalized pretax margin of 7.64% versus the 2007 annual objective of 8.05%

(a) Includes pretax losses totaling \$5.2 million for the writedown of certain impaired assets and \$7.5 million for title branch consolidation costs

(b) Assumes a 5.5% title insurance loss provision, which was the internal assumption used to establish the 8.05% margin objective for 2007

(c) As stated on March 15, 2007



# Title Margin Performance Update

## Completed

- Improved treasury practices, which resulted in a 39% increase in investment income during the second quarter of 2007
- Converted 7% of offices to new streamlined banking program
- Collapsed operating structure from 14 regions to 5 divisions
- Completed actions that will result in \$12.2 million of annual cost savings due to brand consolidation efforts
- Consolidated management for multiple brands
- Reduced FTEs by over 600 since the end of 2006
- Revised compensation programs for senior leadership, which are directly tied to performance

## In Process

- Analyzing agency and customer relationships
- Centralizing administrative functions
- Ongoing brand consolidation and treasury management initiatives
- Modifying compensation policies for more levels of management



# Mortgage Information Highlights

- **Cyclical mortgage market impacts were partially offset by default growth and cost controls**
- **Closed 3 major contracts expected to bill \$12 million**
- **Continued focus on offshoring initiatives**
  - **Domestic headcount reduced by 370 since the second quarter of 2006**
  - **25% of total headcount offshore compared to 11% in the second quarter of 2006**



# Mortgage Information Highlights

(in thousands, except percentages)

	<u>2Q 2007</u>	<u>1Q 2007</u>	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u>	<u>2Q 2007</u> <u>1Q 2007</u> <u>Variance</u>
Tax and Flood	\$ 95,831	\$ 97,153	\$ 93,692	\$ 100,176	\$ 110,201	(13.0)%	(1.4)%
Default and Other <sup>(a)</sup>	37,041	33,794	33,244	30,329	29,604	25.1%	9.6%
<b>Total revenues</b>	<b>\$ 132,872</b>	<b>\$ 130,947</b>	<b>\$ 126,936</b>	<b>\$ 130,505</b>	<b>\$ 139,805</b>	<b>(5.0)%</b>	<b>1.5%</b>
Pretax income <sup>(b)</sup>	\$ 28,208	\$ 29,237	\$ 30,844	\$ 27,199	\$ 32,627	(13.5)%	(3.5)%
Pretax margin	21.2%	22.3%	24.3%	20.8%	23.3%	(2.1) <sup>(e)</sup>	(1.1) <sup>(e)</sup>
Loans under Tax Service <sup>(c)</sup>	28,155	27,878	27,462	27,188	27,097	3.9%	1.0%
Flood certifications <sup>(d)</sup>	3,185	3,191	3,196	3,596	3,971	(19.8)%	(0.2)%

(a) Includes default businesses within the Mortgage Information segment only

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses

(c) Tax Service life of loan orders under service

(d) Flood certifications ordered per quarter

(e) Margin comparisons reflect percentage point changes only



# Default Product Highlights<sup>(a)</sup>

- **Total revenues increased 57.2% to \$84.9 million compared to the second quarter of 2006**
- **21.3% pretax margin in the first quarter of 2007**
  - **3rd consecutive solid quarter**
  - **Increased from (2.0)% pretax margin in the second quarter of 2006**
- **Solid sales activity and a healthy pipeline**
- **30% of total headcount offshore**



# Default Product Highlights<sup>(a)</sup>

(\$ in thousands)

	<u>2Q 2007</u>	<u>1Q 2007</u>	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u>	<u>2Q 2007</u> <u>1Q 2007</u> <u>Variance</u>
Financial Services	\$ 32,086	\$ 31,060	\$ 31,234	\$ 26,388	\$ 22,291	43.9%	3.3%
Mortgage Information	30,164	27,769	25,682	23,096	21,862	38.0%	8.6%
Property Information	22,649	18,999	12,597	10,745	9,862	129.7%	19.2%
Total revenues	<u>\$ 84,899</u>	<u>\$ 77,828</u>	<u>\$ 69,513</u>	<u>\$ 60,229</u>	<u>\$ 54,015</u>	57.2%	9.1%
Pretax income <sup>(b)</sup>	\$ 18,071	\$ 17,146	\$ 13,437	\$ 4,487	\$ (1,071)	NA	5.4%
Pretax margin	21.3%	22.0%	19.3%	7.4%	(2.0)%	23.3 <sup>(c)</sup>	(0.7) <sup>(c)</sup>

(a) Includes default businesses within the Mortgage Information, Property Information and Title Insurance segments

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses

(c) Margin comparisons reflect percentage point changes only



# Property Information Highlights

- **Continued strong growth in the second quarter of 2007**
  - Revenue growth of 44.9%
  - Pretax income growth of 16.6%
- **Traditional appraisal revenue nearly doubled, but is expected to decline due to:**
  - End of Katrina Recovery “Road Home” Project
  - Transition of large customer into JV
- **First American CoreLogic update:**
  - Products, sales forces integrated
  - Data operations, many back-office functions integrated



# Property Information Highlights

(\$ in thousands)

	<u>2Q 2007</u>	<u>1Q 2007<sup>(a)</sup></u> (as adjusted)	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u>	<u>2Q 2007<sup>(a)</sup></u> <u>1Q 2007</u> <u>Variance</u> (as adjusted)
Property data and analytics	\$ 127,477	\$ 120,613	\$ 107,511	\$ 109,134	\$ 105,355	21.0%	5.7%
Collateral valuation	75,579	69,662	51,691	43,661	35,226	114.6%	8.5%
Non-data	15,305	14,746	11,011	9,636	10,121	51.2%	3.8%
Total revenues	<u>\$ 218,361</u>	<u>\$ 205,021</u>	<u>\$ 170,213</u>	<u>\$ 162,431</u>	<u>\$ 150,702</u>	44.9%	6.5%
Pretax income <sup>(b)</sup>	\$ 45,545	\$ 45,916	\$ 42,007	\$ 40,186	\$ 39,063	16.6%	(0.8)%
Pretax margin	20.9%	22.4%	24.7%	24.7%	25.9%	(5.0) <sup>(c)</sup>	(1.5) <sup>(c)</sup>

(a) See reconciliation in the Appendix

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses

(c) Margin comparisons reflect percentage point changes only



# Specialty Insurance Highlights

- **Total revenues in the second quarter of 2007 increased 0.7% over the second quarter of 2006 to \$82.2 million**
- **Pretax income in the second quarter of 2007 decreased 8.7% from the second quarter of 2006 to \$13.5 million**
- **The claims provision of the Home Warranty business increased for the first six months of 2007 to 51.4% from 46.6% for the same period of 2006 due to an increase in the average cost per claim and expansion efforts.**
- **The Property & Casualty business continued to experience strong underwriting results, as the claims provision for the first six months of 2007 was 52.0%, a slight increase from 51.8% during the same period of 2006**



# First Advantage Highlights

- **Total revenues in the second quarter increased 7.8% over prior year**
- **Earnings per diluted share for the second quarter of \$0.31 increased 6.9% over prior year<sup>(a)</sup>**
- **Operating margins for the Data Services, Multifamily Services and Investigative & Litigation Support Services segments increased from the second quarter of 2006**
- **Employer Services showed solid revenue growth due to cross-selling initiatives, product expansion and enhanced operational efficiencies**
- **The Lender Services segment continued to perform well as a result of increased market share and favorable product mix**

(a) Source: First Advantage press release dated July 25, 2007



# First Advantage Highlights

(\$ in thousands)

	<u>2Q 2007</u>	<u>1Q 2007</u> <sup>(a)</sup> (as adjusted)	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u>	<u>2Q 2007</u> <u>1Q 2007</u> <u>Variance</u> (as adjusted)
Total revenues	\$ 221,901	\$ 217,197	\$ 214,310	\$ 212,914	\$ 205,847	7.8%	2.2%
Pretax income <sup>(b)</sup>	\$ 32,161	\$ 27,905	\$ 30,764	\$ 31,535	\$ 30,758	4.6%	15.3%
Pretax margin	14.5%	12.8%	14.4%	14.8%	14.9%	(0.4) <sup>(c)</sup>	1.7 <sup>(c)</sup>

(a) See reconciliation in the Appendix

(b) Income before income taxes and minority interest expense

(c) Margin comparisons reflect percentage point changes only



# Revenue and Pretax Contribution by Segment

(\$ in millions)

	Total revenues		Pretax (loss) income <sup>(a)</sup>		Pretax margin <sup>(b)</sup>	
	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>2Q 2007</u>	<u>2Q 2006</u>
Title Insurance	\$ 1,542.7	\$ 1,602.1	(151.7)	\$ (14.8)	(9.8)%	(0.9)%
Specialty Insurance	82.2	81.7	13.5	14.8	16.4%	18.1%
Mortgage Information	132.9	139.8	28.2	32.6	21.2%	23.3%
Property Information	218.4	150.7	45.5	39.1	20.8%	25.9%
First Advantage	221.9	205.8	32.2	30.8	14.5%	15.0%
Eliminations/Corporate	(39.8)	(12.3)	(47.7)	(28.5)	NA	NA
<b>Consolidated</b>	<b>\$ 2,158.3</b>	<b>\$ 2,167.8</b>	<b>\$ (80.0)</b>	<b>\$ 74.0</b>	<b>(3.7)%</b>	<b>3.4%</b>

(a) (Loss) income before income taxes, minority interest expense and allocation of all corporate expenses

(b) Pretax income divided by total revenues



# Second Quarter Review

(\$ in thousands)

## EBITDA by Segment <sup>(a)</sup>

	<u>2Q 2007</u> (as adjusted)	<u>1Q 2007</u> (as adjusted)	<u>4Q 2006</u>	<u>3Q 2006</u>	<u>2Q 2006</u> (as adjusted)	<u>2Q 2007</u> <u>2Q 2006</u> <u>Variance</u> (as adjusted)	<u>2Q 2007</u> <u>1Q 2007</u> <u>Variance</u> (as adjusted)
Title Insurance	\$ (120,218)	\$ 80,407	\$ 138,985	\$ 123,341	\$ 14,594	(923.7)%	(249.5)%
Specialty Insurance	12,785	10,934	13,943	13,231	14,585	(12.3)%	16.9%
Mortgage Information	29,357	30,258	32,026	27,877	34,857	(15.8)%	(3.0)%
Property Information	60,406	59,819	49,990	47,413	48,079	25.6%	1.0%
First Advantage	45,995	41,575	44,802	44,745	49,524	(7.1)%	10.6%
<b>Total EBITDA</b>	<b>\$ 28,325</b>	<b>\$ 222,993</b>	<b>\$ 279,746</b>	<b>\$ 256,607</b>	<b>\$ 161,639</b>	<b>(82.5)%</b>	<b>(87.3)%</b>

(a) Earnings before interest, taxes, depreciation and amortization after allocation of all corporate expenses by net revenue – see reconciliations in the Appendix

Estimated segment economic ownership to First American shareholders:

- Title Insurance	98%
- Specialty Insurance	96%
- Mortgage Information	80%
- Property Information	77%
- First Advantage	75%



# Balance Sheet Data

(\$ in millions)

	<u>As of 06/30/07</u>	<u>As of 03/31/07</u>	<u>As of 12/31/06</u>
Cash and Cash equivalents	\$ 1,065	\$ 1,103	\$ 1,405
Investments	1,998	2,016	1,931
Loss reserves	1,256	971	937
Notes and Contracts payable	893	937	848
Trust preferred	100	100	100
Minority interest	650	659	512
Stockholders' equity	3,109	3,252	3,202
Total capitalization	\$ 4,752	\$ 4,948	\$ 4,662
Debt/Total capitalization	20.9%	21.0%	20.3%



# Capital Management

- **Total stockholders' equity of \$3.1 billion, or \$32.23 per share at June 30, 2007 (\$37.37 per share with FADV shares valued at market)<sup>(a)</sup>**
- **Free Cash Flow<sup>(b)</sup> in the second quarter was \$119.6 million, an increase of 28.7% from the comparable period last year**
- **Year-to-date, the Company has repurchased 3,883,500 shares for \$193.6 million at an average price of \$49.83 and has an additional \$172.7 million of capacity left under existing programs**

(a) Using FADV closing stock price as of June 30, 2007

(b) Defined as cash provided by operating activities less capital expenditures, purchases of capitalized data and net distributions to minority shareholders – see reconciliation in the Appendix



# Liquidity Summary

(\$ in millions)

## Potential Sources of Holding Company Cash

Cash at Holding Company (6/30/07)	\$ 38
Dividends available from insurance subsidiaries (a)	262
Potential FARES profit distributions	40
<b>Total Sources</b>	<b>\$ 340</b>

## Projected Uses of Holding Company Cash

Principal and interest payments	\$ 14
Common Stock Dividends	44
Other Obligations and Commitments	20
<b>Total Uses</b>	<b>\$ 78</b>

(a) Represents amounts distributable, as of 6/30/07, without seeking specific regulatory approvals.



# Outlook

- **2007 is expected to be a transition year as actions are taken to improve pretax margins**
- **Real estate activity is expected to continue its slowdown impacting the Title Insurance, Tax Monitoring and Flood Certification businesses**
- **Defaults and foreclosures are expected to rise**
- **Expense management will be a key focus given the state of the real estate market**



# Appendix



# Reconciliation of Free Cash Flow

(\$ in thousands)

	<u>2Q 2007</u>	<u>2Q 2006</u>	<u>Variance</u>
Cash provided by operating activities	\$ 205,247	\$ 167,888	22.3%
Deduct:			
Capital expenditures	(60,740)	(52,030)	16.7%
Purchases of capitalized data	(6,505)	(6,119)	6.3%
Net Distributions to minority shareholders	(18,400)	(16,785)	9.6%
Free Cash Flow	<u>\$ 119,602</u>	<u>\$ 92,954</u>	<u>28.7%</u>



## Reconciliation of EBITDA to Income before Income Taxes and Minority Interests 2Q 2007

(\$ in thousands)

	<u>Title Insurance</u>	<u>Specialty Ins.</u>	<u>Mortgage Inf.</u>	<u>Property Inf.</u>	<u>First Advantage</u>	<u>Corp.+Elim.</u>	<u>Consolidated</u>
Income before taxes & minority interests	\$ (151,746)	\$ 13,523	\$ 28,207	\$ 45,546	\$ 32,161	\$ (47,654)	\$ (79,963)
Add back:							
Interest	8,517	-	(1,502)	2,278	3,098	7,078	19,469
Dep. & amortiz.	24,991	438	4,551	15,705	10,736	4,778	61,199
Deduct:							
Allocation of corp. overhead	25,117	2,026	3,274	5,381	-	(35,798)	-
<b>EBITDA</b>	<b>\$ (143,355)</b>	<b>\$ 11,935</b>	<b>\$ 27,982</b>	<b>\$ 58,148</b>	<b>\$ 45,995</b>	<b>\$ -</b>	<b>\$ 705</b>
Adjustments:							
- Income before taxes & minority interests	12,668	-	-	-	-	14,953	27,621
- Allocation of corp. overhead	10,469	851	1,375	2,258		(14,953)	(0)
<b>Adjusted EBITDA</b>	<b>\$ (120,218)</b>	<b>\$ 12,785</b>	<b>\$ 29,357</b>	<b>\$ 60,406</b>	<b>\$ 45,995</b>	<b>\$ -</b>	<b>\$ 28,326</b>



## Reconciliation of EBITDA to Income before Income Taxes and Minority Interests 1Q 2007

(\$ in thousands)

	<u>Title Insurance</u>	<u>Specialty Ins.</u>	<u>Mortgage Inf.</u>	<u>Property Inf.</u>	<u>First Advantage</u>	<u>Corp.+Elim.</u>	<u>Consolidated</u>
Income before taxes & minority interests	\$ 55,986	\$ 11,964	\$ 29,237	\$ 118,079	\$ 19,905	\$ (54,752)	\$ 180,419
Add back:							
Interest	7,944	-	(1,470)	1,771	3,226	7,796	19,267
Dep. & amortiz.	21,818	451	4,895	14,572	10,444	11,236	63,416
Deduct:							
Allocation of corp. overhead	24,498	2,172	3,527	5,523		(35,720)	-
<b>EBITDA</b>	<b>\$ 61,250</b>	<b>\$ 10,243</b>	<b>\$ 29,135</b>	<b>\$ 128,899</b>	<b>\$ 33,575</b>	<b>\$ 0</b>	<b>\$ 263,101</b>
Adjustments:							
- Income before taxes & minority interests	11,455	-	-	(72,163)	8,000	12,600	(40,109)
- Allocation of corp. overhead	7,702	691	1,123	3,083	-	(12,600)	-
<b>Adjusted EBITDA</b>	<b>\$ 80,407</b>	<b>\$ 10,934</b>	<b>\$ 30,258</b>	<b>\$ 59,819</b>	<b>\$ 41,575</b>	<b>\$ 0</b>	<b>\$ 222,993</b>



## Reconciliation of EBITDA to Income before Income Taxes and Minority Interests 4Q 2006

(\$ in thousands)

	<u>Title Insurance</u>	<u>Specialty Ins.</u>	<u>Mortgage Inf.</u>	<u>Property Inf.</u>	<u>First Advantage</u>	<u>Corp.+Elim.</u>	<u>Consolidated</u>
Income before taxes & minority interests	\$ 122,688	\$ 15,086	\$ 30,844	\$ 42,007	\$ 30,764	\$ (40,427)	\$ 200,962
Add back:							
Interest	12,570	85	(1,434)	653	3,257	7,245	22,376
Dep. & amortiz.	23,960	484	5,174	10,759	10,781	5,251	56,409
Deduct:							
Allocation of corp. overhead	20,232	1,712	2,558	3,429		(27,930)	-
<b>EBITDA</b>	<b>\$ 138,986</b>	<b>\$ 13,943</b>	<b>\$ 32,026</b>	<b>\$ 49,990</b>	<b>\$ 44,802</b>	<b>\$ -</b>	<b>\$ 279,747</b>



## Reconciliation of EBITDA to Income before Income Taxes and Minority Interests 3Q 2006

(\$ in thousands)

	<u>Title Insurance</u>	<u>Specialty Ins.</u>	<u>Mortgage Inf.</u>	<u>Property Inf.</u>	<u>First Advantage</u>	<u>Corp.+Elim.</u>	<u>Consolidated</u>
Income before taxes & minority interests	\$ 118,950	\$ 14,474	\$ 27,199	\$ 40,186	\$ 31,535	\$ (45,453)	\$ 186,891
Add back:							
Interest	6,836	254	(1,327)	617	3,570	7,911	17,861
Dep. & amortiz.	20,674	453	5,066	10,420	9,640	5,603	51,856
Deduct:							
Allocation of corp. overhead	23,119	1,950	3,061	3,810		(31,940)	-
EBITDA	<u>\$ 123,341</u>	<u>\$ 13,231</u>	<u>\$ 27,877</u>	<u>\$ 47,413</u>	<u>\$ 44,745</u>	<u>\$ 0</u>	<u>\$ 256,607</u>



## Reconciliation of EBITDA to Income before Income Taxes and Minority Interests 2Q 2006

(\$ in thousands)

	<u>Title Insurance</u>	<u>Specialty Ins.</u>	<u>Mortgage Inf.</u>	<u>Property Inf.</u>	<u>First Advantage</u>	<u>Corp.+Elim.</u>	<u>Consolidated</u>
Income before taxes & minority interests	\$ (14,790)	\$ 14,816	\$ 32,627	\$ 39,063	\$ 30,758	\$ (28,453)	\$ 74,021
Add back:							
Interest	6,221	272	(1,176)	584	3,250	7,290	16,441
Dep. & amortiz.	19,377	491	5,107	10,267	9,516	5,767	50,525
Deduct:							
Allocation of corp. overhead	11,255	909	1,555	1,677		(15,395)	-
<b>EBITDA</b>	<b>\$ (447)</b>	<b>\$ 14,670</b>	<b>\$ 35,004</b>	<b>\$ 48,237</b>	<b>\$ 43,524</b>	<b>\$ -</b>	<b>\$ 140,987</b>
Adjustments:							
- Income before taxes & minority interests	16,100	-	-	-	6,000	(1,448)	20,652
- Allocation of corp. overhead	(1,058)	(85)	(147)	(158)		1,448	-
<b>Adjusted EBITDA</b>	<b>\$ 14,594</b>	<b>\$ 14,585</b>	<b>\$ 34,857</b>	<b>\$ 48,079</b>	<b>\$ 49,524</b>	<b>\$ -</b>	<b>\$ 161,639</b>



# Reconciliation of Title Insurance Results: 2Q 2006

(\$ in thousands)

	<u>2Q 2006</u>	<u>Adjustments<sup>(a)</sup></u>	<u>2Q 2006</u>
	(actual)		(as adjusted)
<b>Revenues</b>			
<b>Direct</b>	\$ 813,664	\$ -	\$ 813,664
<b>Agent</b>	740,317	-	740,317
	<u>\$ 1,553,981</u>	<u>\$ -</u>	<u>\$ 1,553,981</u>
<b>Investment</b>	48,126	-	48,126
<b>Total revenues</b>	<u>\$ 1,602,107</u>	<u>\$ -</u>	<u>\$ 1,602,107</u>
<b>Expenses</b>	1,616,897	(16,100)	1,600,797
<b>Pretax (loss) income<sup>(b)</sup></b>	<u>\$ (14,790)</u>	<u>\$ 16,100</u>	<u>\$ 1,310</u>
<b>Pretax margin</b>	<b>(0.9)%</b>		<b>0.1%</b>

(a) Includes pretax gains of \$14.4 million for compensation adjustments and pretax losses of \$30.5 million for regulatory and litigation matters

(b) (Loss) income before income taxes, minority interest expense and allocation of all corporate expenses



# Reconciliation of Title Insurance Results: 1Q 2007

(\$ in thousands)

	<u>1Q 2007</u> (actual)	<u>Adjustments<sup>(a)</sup></u>	<u>1Q 2007</u> (as adjusted)
<b>Revenues</b>			
<b>Direct</b>	\$ 707,263	\$ -	\$ 707,263
<b>Agent</b>	688,045	-	688,045
	<u>\$ 1,395,308</u>	<u>\$ -</u>	<u>\$ 1,395,308</u>
<b>Investment</b>	61,119	5,254	66,373
<b>Total revenues</b>	<u>\$ 1,456,427</u>	<u>\$ 5,254</u>	<u>\$ 1,461,681</u>
<b>Expenses</b>	1,400,443	(6,200)	1,394,243
<b>Pretax income<sup>(b)</sup></b>	<u>\$ 55,984</u>	<u>\$ 11,454</u>	<u>\$ 67,438</u>
<b>Pretax margin</b>	3.8%		4.6%

(a) Includes pretax losses totaling \$14.0 million for certain impaired assets and \$2.5 million of net realized investment gains

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses



# Reconciliation of Property Information Results: 1Q 2007

(\$ in thousands)

	<u>1Q 2007</u>	<u>Adjustments<sup>(a)</sup></u>	<u>1Q 2007</u>
	(actual)		(as adjusted)
<b>Revenues</b>			
<b>Operating</b>	\$ 197,802	\$ -	\$ 197,802
<b>Investment and other</b>	79,382	(72,163)	7,219
<b>Total revenues</b>	<u>\$ 277,184</u>	<u>\$ (72,163)</u>	<u>\$ 205,021</u>
<b>Expenses</b>	159,105	-	159,105
<b>Pretax income<sup>(b)</sup></b>	<u>\$ 118,079</u>	<u>\$ (72,163)</u>	<u>\$ 45,916</u>
<b>Pretax margin</b>	42.6%		22.4%

(a) Includes a \$77.1 million gain on the CoreLogic transaction and a \$4.9 million writeoff of certain impaired assets

(b) Income before income taxes, minority interest expense and allocation of all corporate expenses



# Reconciliation of First Advantage Results: 1Q 2007

(\$ in thousands)

	1Q 2007	Adjustments <sup>(a)</sup>	1Q 2007
	(actual)		(as adjusted)
<b>Revenues</b>			
<b>Operating</b>	\$ 215,227	\$ -	\$ 215,227
<b>Investment and other</b>	1,970	-	1,970
<b>Total revenues</b>	\$ 217,197	\$ -	\$ 217,197
<b>Expenses</b>	197,292	(8,000)	189,292
<b>Pretax income<sup>(b)</sup></b>	\$ 19,905	\$ 8,000	\$ 27,905
<b>Pretax margin</b>	9.2%		12.8%

(a) Includes a non-recurring compensation related expense of \$8.0 million

(b) Income before income taxes and minority interest expense



# Reconciliation of Adjusted Stockholders' Equity Per Share

(\$ in millions, except share data)

	<u>As of 6/30/07</u>
<b>Stockholders' equity</b>	<b>\$ 3,109</b>
<b>Less: FAF share of FADV Book Value</b>	<b>549</b>
<b>Plus: FAF share of FADV Market Value</b>	<b>1,018<sup>(a)</sup></b>
<b>Adjusted stockholders' equity</b>	<b>\$ 3,578</b>
<b>Shares outstanding (in thousands)</b>	<b>95,760</b>
<b>Adjusted Book Value per share</b>	<b>\$ 37.37</b>

(a) Based on First Advantage closing price on June 30, 2007



# Disclosure

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.

