First American Financial Corporation

KBW Mortgage Finance Conference

June 5, 2012

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Safe Harbor Statement

Certain statements made in this presentation, including but not limited to those relating to expanding geographic coverage of strategic title plants; transaction volumes, including the effect of the HARP 2.0 program; order trends, economic and market conditions; the United States government's support of Fannie Mae and Freddie Mac and various loan modification programs; timing of foreclosure inventory clearing; default title business trends; margin improvement initiatives; expense management; enhanced scalability; enhanced earnings power; acquisition and organic growth prospects, including under-penetrated geographic markets, commercial and home warranty; the return of capital to shareholders; and the "pure play" nature of an investment in the company, 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; volatility in the capital markets; unfavorable economic conditions; impairments in the company's goodwill or other intangible assets; failures at financial institutions where the company deposits funds; 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; regulation of title insurance rates; reform of government-sponsored mortgage enterprises; limitations on access to public records and other data; product migration; changes resulting from increases in the size of the company's customers; changes in measures of the strength of the company's title insurance underwriters, including ratings and statutory surpluses; losses in the company's investment portfolio; expenses of and funding obligations to the pension plan; material variance between actual and expected claims experience; defalcations, increased claims or other costs and expenses attributable to the company's use of title agents; systems interruptions and intrusions, wire transfer errors or unauthorized data disclosures; inability to realize the benefits of the company's offshore strategy; inability of the company's subsidiaries to pay dividends or repay funds; and other factors described in the company's quarterly report on Form 10-Q for the quarter ended March 31, 2012, 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 title margin and adjusted earnings per share, which are adjusted to exclude net realized investment gains or losses, reserve adjustments, and the Bank of America settlement. 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.

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.

Company Overview

Leading position in title insurance markets

- 123 years of market leadership in title insurance and settlement services
- 27% market share in U.S. title insurance market with single national brand
- International title insurance & services market leader
- Strategic growth opportunities

Strong operating platform

- Industry-leading technology infrastructure
- Well-developed global workforce
- Structural changes have enhanced scalability
- Ability to improve margins despite challenging market conditions

Strong financial position

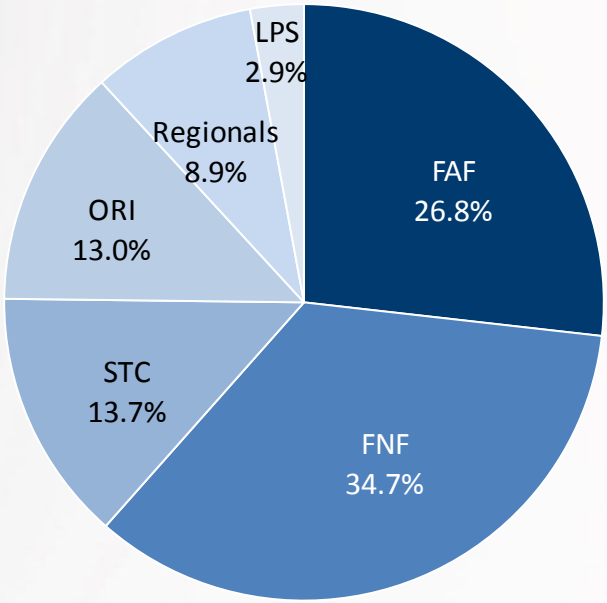
- $3.8 billion annual revenue
- Conservative balance sheet and financial leverage
- High quality, conservative investment portfolio
- Meaningful opportunity to return capital to shareholders

Experienced management team

- Significant industry experience and long tenure with the company
- Proven track record of successful performance

Leading Market Position

U.S. Title Market Share



Title Insurance and Services Segment

- Strong positions in:
  - Residential (Refinance & Resale)
  - Commercial
  - Default
- #1 U.S. title plants
- #1 International title & settlement services

Specialty Insurance Segment

- #2 Home Warranty

Note: U.S. Title market share per ALTA Q4 '11 TTM
Home Warranty market share per 2009 Warranty Week survey

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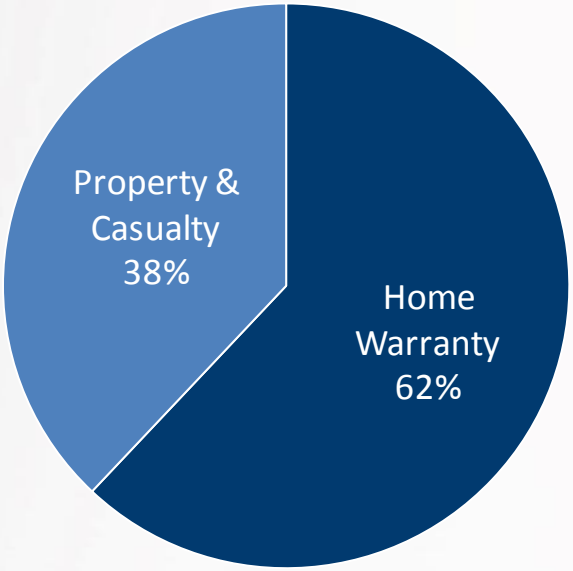
Specialty Insurance Segment

Total Revenues: $287 million

As of 12/31/11



13.6% Pretax Margin

Home Warranty

- Operate in 39 states
- High policy renewal rates for established customers
- Pursuing disciplined growth

Property & Casualty

- Primarily homeowners insurance
  - Offer preferred risk auto (bundled) in our largest California market
- Active in 43 states
- Conservative underwriting standards

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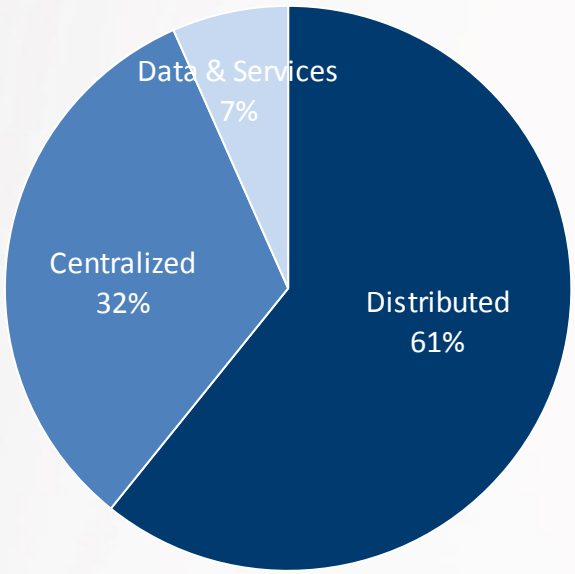
Title Insurance and Services Segment

Total Revenues: $3.5 billion
As of 12/31/11



- 57% direct/ 43% agent
- 820 offices nationwide

Distributed

- Nationwide direct office network
- Significant agency channel
- Grow in under-penetrated markets

Centralized

- Customer-centric
- Higher margin
  - Scalable platforms
  - Primarily direct
- Good growth opportunities

Data & Services

- Strategic title plants
  - Expanding geographic coverage
- Trust & Banking
- Real Estate Services

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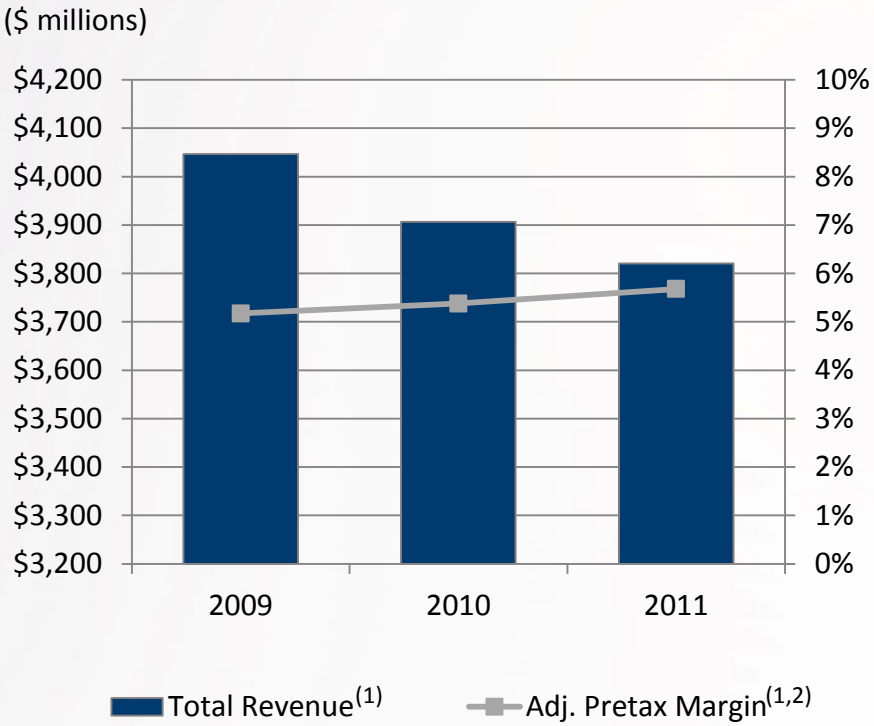
Consolidated Financial Summary



($ millions)	2010 Actual	2011 Actual
Title revenue	$ 3,614	$ 3,539
Specialty revenue	287	287
Corporate revenue	6	(6)
FAFC revenue	$ 3,907	$ 3,821
Title pretax	$ 230	$ 159
Specialty pretax	43	39
Corporate loss	(60)	(67)
FAFC pretax	$ 212	$ 130
Noncontrolling interest	1	0
Income taxes	83	52
Net Income	$ 128	$ 78
EPS	$ 1.20	$ 0.73
Net realized gains (losses)	0.01	(0.05)
Reserve adjustments[2]	-	0.43
Adjusted EPS	$ 1.19	$ 1.21

(1) Excludes net realized investment gains (losses)
(2) Excludes Bank of America settlement ($32.2 million) and reserve strengthening in Canada ($45.3 million); see reconciliation in the Appendix

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Current Market Environment

- Residential open orders up significantly year-to-date, driven primarily by refinance
- HARP 2.0 beginning to generate transaction activity that we anticipate will continue to build in the second half of the year
- Continued measured growth in commercial business
- Decline in default title business continues but has moderated
- Uncertainty remains
  - Pace of economic recovery and interest rates
  - Outlook for consistent growth in the resale market
  - Timing of foreclosure inventory clearing
  - Impact of continued changes in government support

Balance Sheet Summary

As of March 31, 2012 ($ millions)

Assets	
Cash & equivalents	$673
Investments	2,670
Other assets	1,420
Goodwill & intangibles	890
Total assets	$5,653

Liabilities & equity	
Liabilities	$2,291
Reserves	993
Debt	277
Equity	2,092
Total liabilities & equity	$5,653

Return on Equity	
TTM Net income	$125
Equity	$2,031
ROE	6.1%
Debt-to-capital	11.7%
Book value per share	$19.75
Tangible equity	$1,197

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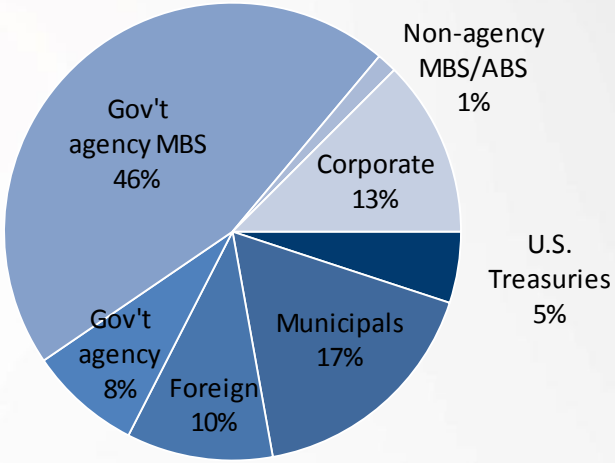
Consolidated Investment Portfolio

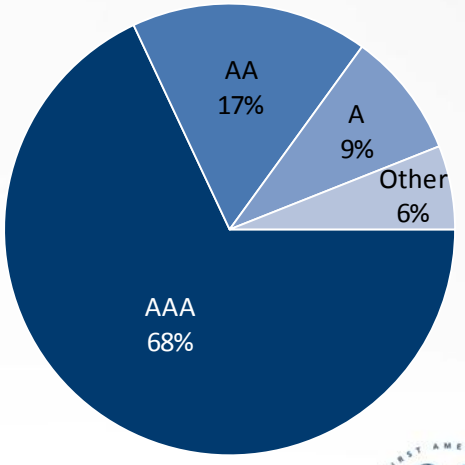
As of March 31, 2012 ($ millions)

Cash & deposits	$739
Debt securities	2,186
Equity securities	218
Other long-term investments	200
Total cash & investments	$3,342
Third party deposits	$1,387
Net cash & investments	$1,955

Fixed income by asset class



Fixed income by credit rating



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Investment Considerations

- Strong competitive position in title and settlement services
  - “Pure play” in title and mortgage markets
  - Improved origination outlook
- Strong financial position
  - Conservative leverage
  - Earnings and cash flow positive despite weak industry conditions
- Structural changes have enhanced earnings power as market normalizes
- Meaningful opportunity to return excess capital to shareholders

Appendix

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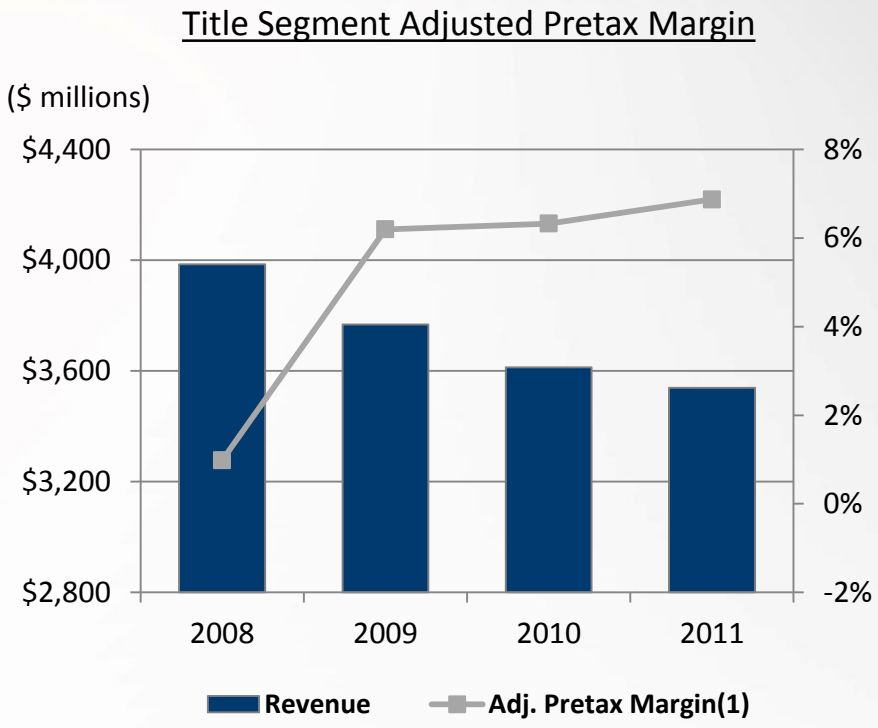
2011 Title Segment in Review

- Residential market originations
  - Resale at 20-year low
  - Refinance is elevated
- Commercial is strong
- International is improving
- Default cycle has lengthened
- Expense management
  - Structural changes
  - Drive cost efficiencies
  - Manage to market
- Renew focus on profitable growth
  - Top 30 underpenetrated markets
  - Centralized lender channel



(1) See reconciliation in the Appendix

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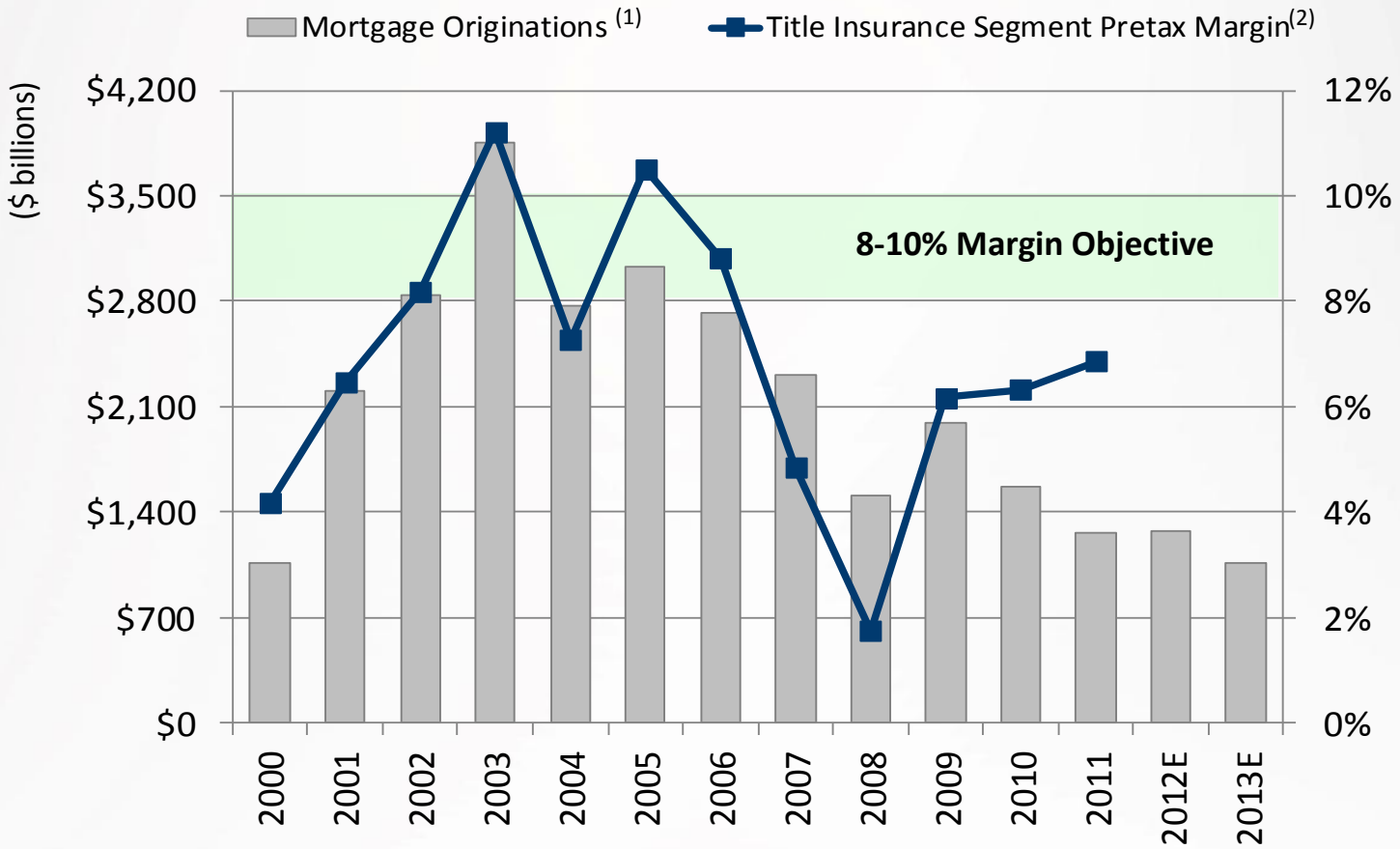
Adjusted Title Insurance Margins



(1) Source: Mortgage Bankers Association.
(2) For 2005-2011 excludes net realized investment gains (losses), reserve strengthening for 2006-2008, and reserve strengthening in Canada and Bank America settlement for 2011. GAAP basis for 2000-2004; see reconciliation in the Appendix. Source: Securities and Exchange Commission filings

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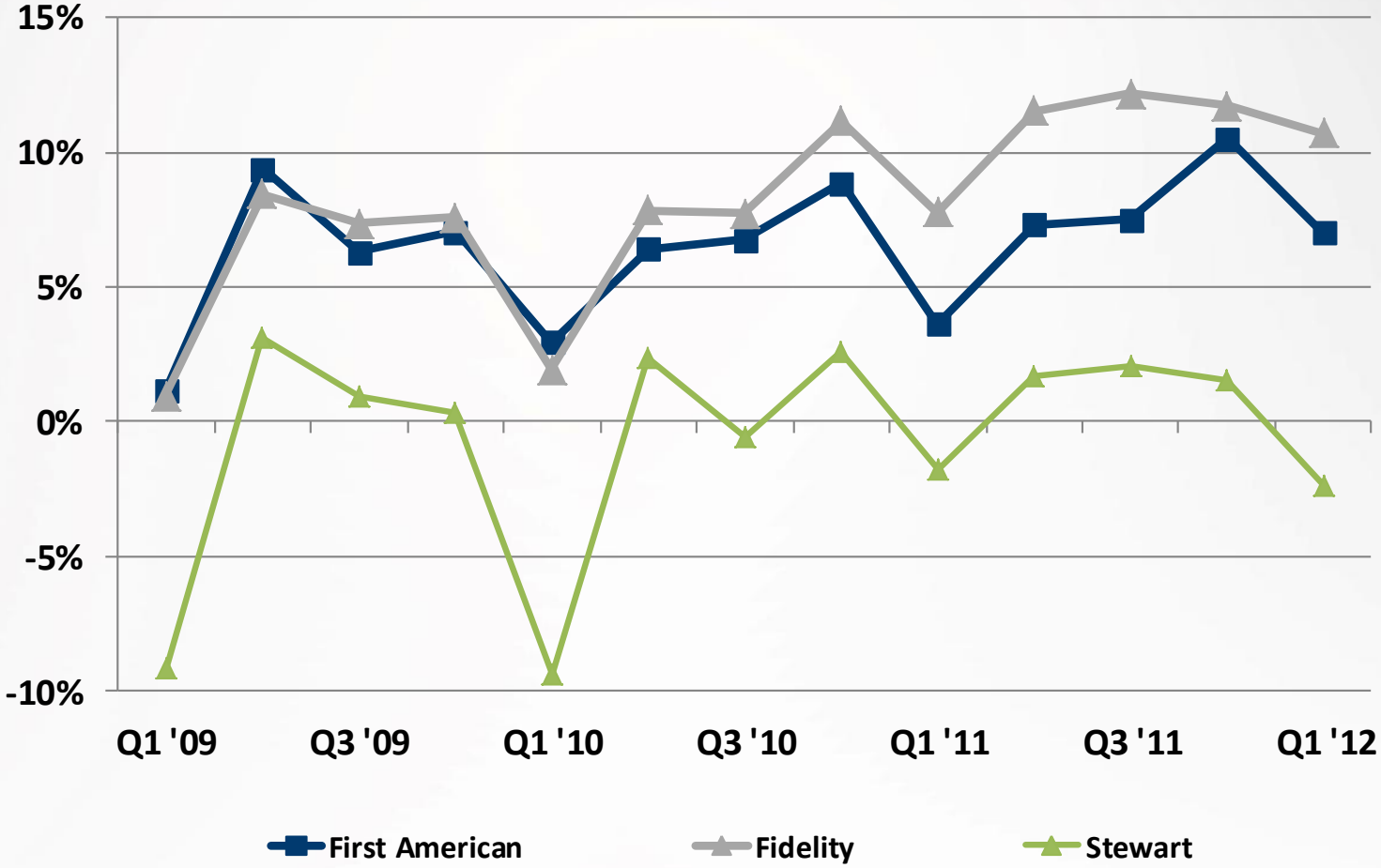
Industry Margin Trend



Note: Results for title insurance segments only. Excludes net realized investment gains (losses) and reserve adjustments; see reconciliation in the Appendix. Source: Securities and Exchange Commission filings

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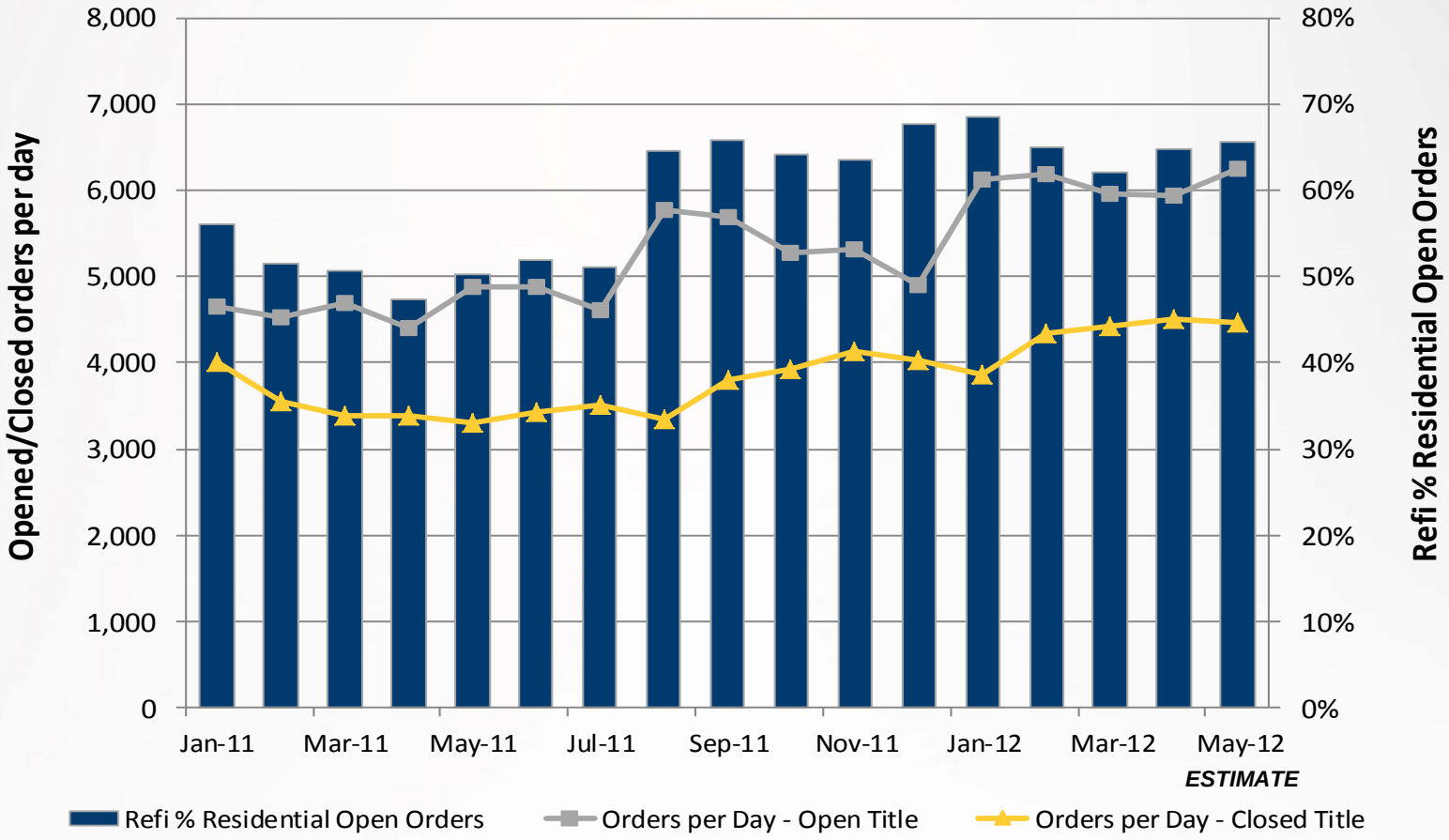
Title Order Count Trends



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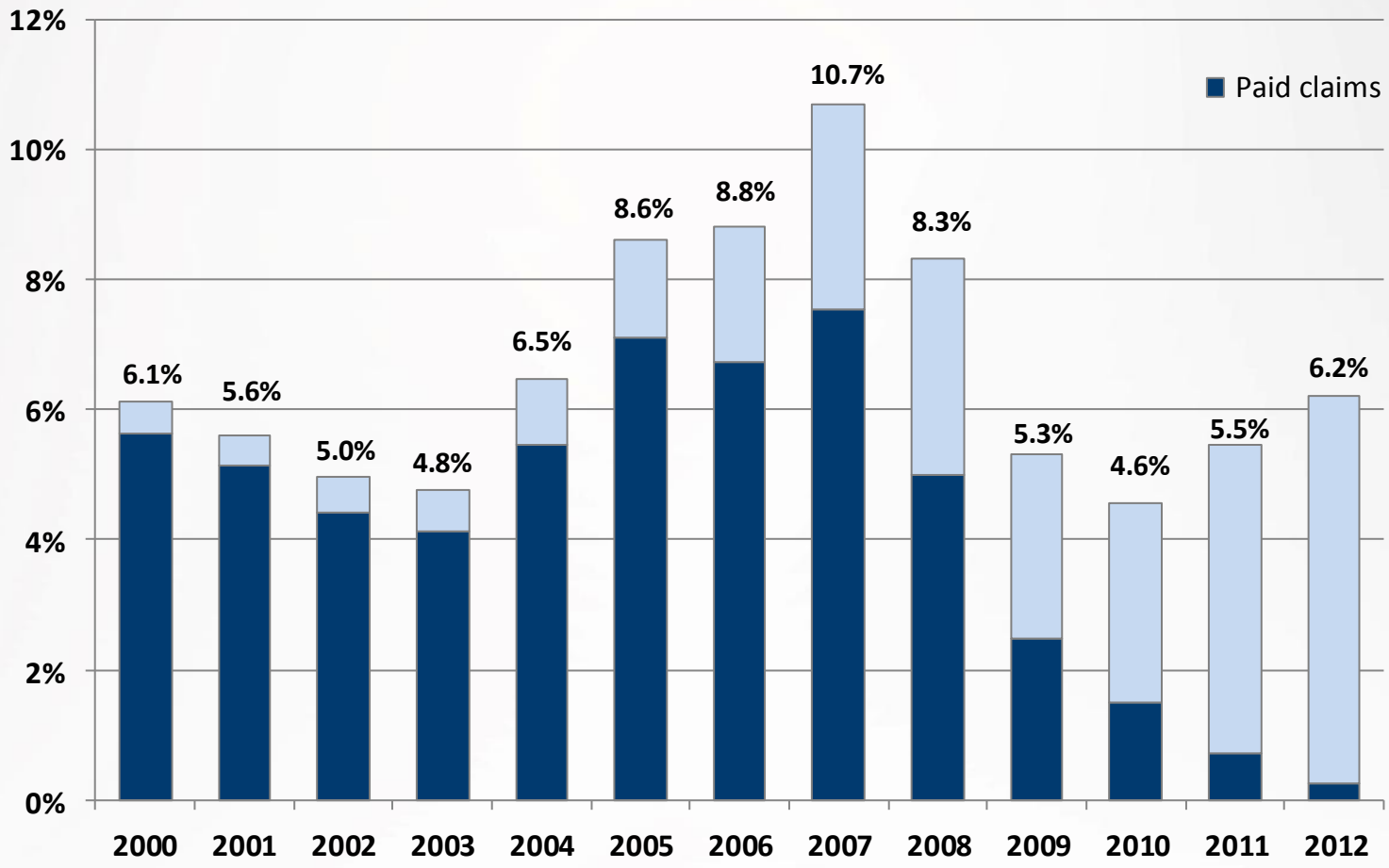
Ultimate Loss Ratios by Policy Year



Note: Ultimate loss ratios are calculated as a percentage of title premiums and escrow fees for a given policy year; as of 3/31/12.

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Title Margin Reconciliation

First American	Fiscal Year 2009				Fiscal Year 2010			
	Q1 '09	Q2 '09	Q3 '09	Q4 '09	Q1 '10	Q2 '10	Q3 '10	Q4 '10
GAAP total revenues	$ 817,041	$ 962,385	$1,029,085	$ 961,381	$ 838,059	$ 901,985	$ 925,213	$ 950,278
- Net realized invest. gains (losses)	1,478	(15,525)	5,462	(9,949)	2,688	3,566	(2,518)	(2,954)
Adjusted total revenues	$ 815,562	$ 977,910	$1,023,624	$ 971,331	$ 835,370	$ 898,419	$ 927,731	$ 953,232
GAAP pretax income (loss)	$ 2,470	$ 67,564	$ 59,609	$ 44,335	$ 12,792	$ 71,404	$ 67,134	$ 39,738
- Net realized invest. gains (losses)	1,478	(15,525)	5,462	(9,949)	2,688	3,566	(2,518)	(2,954)
+ Reserve adjustment	-	-	-	-	-	-	-	-
Adjusted pretax income (loss)	$ 992	$ 83,089	$ 54,147	$ 54,284	$ 10,103	$ 67,838	$ 69,652	$ 42,692
GAAP pretax margin	0.3%	7.0%	5.8%	4.6%	1.5%	7.9%	7.3%	4.2%
Adjusted pretax margin	0.1%	8.5%	5.3%	5.6%	1.2%	7.6%	7.5%	4.5%

First American	Fiscal Year 2011				Fiscal Year 2012
	Q1 '11	Q2 '11	Q3 '11	Q4 '11	Q1 '12
GAAP total revenues	$ 861,924	$ 857,848	$ 898,324	$ 923,024	$ 891,221
- Net realized invest. gains (losses)	(1,423)	(1,833)	(1,876)	(2,030)	(2,014)
Adjusted total revenues	$ 863,347	$ 859,681	$ 900,200	$ 925,055	$ 893,235
GAAP pretax income (loss)	$ (15,697)	$ 60,751	$ 52,767	$ 75,758	$ 60,822
- Net realized invest. gains (losses)	(1,423)	(1,833)	(1,876)	(2,030)	(2,014)
+ Reserve adjustment	45,300	-	13,000	19,200	-
Adjusted pretax income (loss)	$ 31,026	$ 62,584	$ 67,644	$ 96,989	$ 62,836
GAAP pretax margin	-1.8%	7.1%	5.9%	8.2%	6.8%
Adjusted pretax margin	3.6%	7.3%	7.5%	10.5%	7.0%

Title Margin Reconciliation

Fidelity	Fiscal Year 2009				Fiscal Year 2010			
	Q1 '09	Q2 '09	Q3 '09	Q4 '09	Q1 '10	Q2 '10	Q3 '10	Q4 '10
GAAP total revenues	$1,256,088	$1,450,087	$1,348,751	$1,338,659	$1,065,237	$1,267,189	$1,285,500	$1,502,300
- Net realized invest. gains (losses)	(4,412)	11,964	10,457	9,043	2,685	24,484	39,100	44,500
Adjusted total revenues	$1,260,500	$1,438,123	$1,338,294	$1,329,616	$1,062,552	$1,242,705	$1,246,400	$1,457,800
GAAP pretax income (loss)	$ 7,292	$ 133,258	$ 119,818	$ 109,618	$ 22,949	$ 122,100	$ 135,500	$ 207,200
- Net realized invest. gains (losses)	(4,412)	11,964	10,457	9,043	2,685	24,484	39,100	44,500
+ Reserve adjustment	-	-	(11,000)	-	-	-	-	-
Adjusted pretax income (loss)	$ 11,704	$ 121,294	$ 98,361	$ 100,575	$ 20,264	$ 97,616	$ 96,400	$ 162,700
GAAP pretax margin	0.6%	9.2%	8.9%	8.2%	2.2%	9.6%	10.5%	13.8%
Adjusted pretax margin	0.9%	8.4%	7.3%	7.6%	1.9%	7.9%	7.7%	11.2%

Fidelity	Fiscal Year 2011				Fiscal Year 2012
	Q1 '11	Q2 '11	Q3 '11	Q4 '11	Q1 '12
GAAP total revenues	$1,102,500	$1,201,700	$1,186,800	$1,262,000	$1,175,000
- Net realized invest. gains (losses)	18,400	2,100	(7,200)	(6,500)	4,000
Adjusted total revenues	$1,084,100	$1,199,600	$1,194,000	$1,268,500	$1,171,000
GAAP pretax income (loss)	$ 102,700	$ 140,600	$ 138,100	$ 142,200	$ 129,500
- Net realized invest. gains (losses)	18,400	2,100	(7,200)	(6,500)	4,000
+ Reserve adjustment	-	-	-	-	-
Adjusted pretax income (loss)	$ 84,300	$ 138,500	$ 145,300	$ 148,700	$ 125,500
GAAP pretax margin	9.3%	11.7%	11.6%	11.3%	11.0%
Adjusted pretax margin	7.8%	11.5%	12.2%	11.7%	10.7%

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Title Margin Reconciliation

Stewart	Fiscal Year 2009				Fiscal Year 2010			
	Q1 '09	Q2 '09	Q3 '09	Q4 '09	Q1 '10	Q2 '10	Q3 '10	Q4 '10
GAAP total revenues	$ 313,459	$ 430,763	$ 459,991	$ 503,090	$ 351,313	$ 441,541	$ 430,065	$ 449,472
- Net realized invest. gains (losses)	(8,812)	2,771	(972)	14,378	2,913	7,795	1,224	9,850
Adjusted total revenues	$ 322,271	$ 427,992	$ 460,963	$ 488,712	$ 348,400	$ 433,746	$ 428,841	$ 439,622
GAAP pretax income (loss)	$ (37,325)	$ (16,129)	$ (21,571)	$ 9,845	$ (29,743)	$ 17,975	$ (1,275)	$ 15,970
- Net realized invest. gains (losses)	(8,812)	2,771	(972)	14,378	2,913	7,795	1,224	9,850
+ Reserve adjustment	(1,000)	32,100	24,900	6,200	-	-	-	5,100
Adjusted pretax income (loss)	$ (29,513)	$ 13,200	$ 4,301	$ 1,667	$ (32,656)	$ 10,180	$ (2,499)	$ 11,220
GAAP pretax margin	-11.9%	-3.7%	-4.7%	2.0%	-8.5%	4.1%	-0.3%	3.6%
Adjusted pretax margin	-9.2%	3.1%	0.9%	0.3%	-9.4%	2.3%	-0.6%	2.6%

Stewart	Fiscal Year 2011				Fiscal Year 2012
	Q1 '11	Q2 '11	Q3 '11	Q4 '11	Q1 '12
GAAP total revenues	$ 366,417	$ 404,883	$ 418,529	$ 445,078	$ 384,987
- Net realized invest. gains (losses)	132	(1,233)	(1,013)	4,415	1,445
Adjusted total revenues	$ 366,285	$ 406,116	$ 419,542	$ 440,663	$ 383,542
GAAP pretax income (loss)	$ (6,393)	$ 5,706	$ 7,689	$ 11,016	$ (7,932)
- Net realized invest. gains (losses)	132	(1,233)	(1,013)	4,415	1,445
+ Reserve adjustment	-	-	-	-	-
Adjusted pretax income (loss)	$ (6,525)	$ 6,939	$ 8,702	$ 6,601	$ (9,377)
GAAP pretax margin	-1.7%	1.4%	1.8%	2.5%	-2.1%
Adjusted pretax margin	-1.8%	1.7%	2.1%	1.5%	-2.4%

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Title Margin Reconciliation

First American	2006	2007	2008	2009	2010	2011
GAAP total revenues	$ 6,353,998	$ 5,753,072	$ 4,072,217	$ 3,768,191	$ 3,613,590	$ 3,539,127
- Net realized investment gains (losses)	(2,364)	(77,091)	(84,515)	(18,535)	782	(7,163)
Adjusted total revenues	$ 6,356,362	$ 5,830,163	$ 4,156,732	$ 3,786,726	$ 3,612,808	$ 3,546,290
GAAP pretax income (loss)	$ 402,796	$ (159,785)	$ (89,898)	$ 215,072	$ 229,525	$ 158,642
- Net realized investment gains (losses)	(2,364)	(77,091)	(84,515)	(18,535)	782	(7,163)
+ Reserve adjustment	155,000	365,900	78,010	-	-	77,500
Adjusted pretax income (loss)	$ 560,160	$ 283,206	$ 72,627	$ 233,607	$ 228,743	$ 243,305
GAAP pretax margin	6.3%	-2.8%	-2.2%	5.7%	6.4%	4.5%
Adjusted pretax margin	8.8%	4.9%	1.7%	6.2%	6.3%	6.9%

Fidelity	2006	2007	2008	2009	2010	2011
GAAP total revenues	$ 5,899,256	$ 5,007,453	$ 3,816,527	$ 5,393,585	$ 5,153,400	$ 4,792,900
- Net realized investment gains (losses)	14,627	5,080	(32,889)	27,052	110,700	7,000
Adjusted total revenues	$ 5,884,629	$ 5,002,373	$ 3,849,416	$ 5,366,533	$ 5,042,700	$ 4,785,900
GAAP pretax income (loss)	$ 650,800	$ 185,944	$ (230,960)	$ 369,986	$ 491,000	$ 530,300
- Net realized investment gains (losses)	14,627	5,080	(32,889)	27,052	110,700	7,000
+ Reserve adjustment	-	217,200	261,600	(11,000)	-	-
Adjusted pretax income (loss)	$ 636,173	$ 398,064	$ 63,529	$ 331,934	$ 380,300	$ 523,300
GAAP pretax margin	11.0%	3.7%	-6.1%	6.9%	9.5%	11.1%
Adjusted pretax margin	10.8%	8.0%	1.7%	6.2%	7.5%	10.9%