Fidelity National Title Group, Inc.
Form S-1/A
August 18, 2005

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As filed with the Securities and Exchange Commission on August 17, 2005

Registration Number 333-126402

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
Form S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Fidelity National Title Group, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**6361**	**16-1725106**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

601 Riverside Avenue
Jacksonville, Florida 32204
(904) 854-8100
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Raymond R. Quirk
Chief Executive Officer
Fidelity National Title Group, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
(904) 854-8100
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Peter T. Sadowski **General Counsel** **Fidelity National Financial, Inc.** **601 Riverside Avenue** **Jacksonville, Florida 32204** **(904) 854-8100**	**Robert S. Rachofsky** **LeBoeuf, Lamb, Greene & MacRae LLP** **125 West 55th Street** **New York, NY 10019-5389** **(212) 424-8000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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FIDELITY NATIONAL FINANCIAL, INC.
601 Riverside Avenue
Jacksonville, Florida 32204

, 2005

Dear Fidelity National Financial Stockholders:

On May 16, 2005, the board of directors of Fidelity National Financial, Inc. (FNF) approved a restructuring that will result in FNF contributing its title insurance businesses to a newly formed holding company, Fidelity National Title Group, Inc. (FNT). In connection with the restructuring, a pro rata distribution of shares of FNT Class A Common Stock representing 17.5% of the outstanding common stock of FNT will be made to FNF stockholders.

As a result of the distribution, FNF stockholders will receive .175 shares of FNT Class A Common Stock for each share of FNF common stock held at the close of business on the distribution record date, currently expected to be on or about , 2005. On , 2005, shares of FNT Class A Common Stock will be quoted on the New York Stock Exchange under the symbol FNT. Shares of FNF common stock will continue to be listed on the New York Stock Exchange under the symbol FNF.

Immediately after the distribution is completed, FNF will own shares of Class B Common Stock of FNT representing the remaining 82.5% of the shares of FNT common stock. FNT Class B Common Stock will have ten votes per share and Class A Common Stock will have one vote per share. As a result, FNF will hold 97.9% of all voting power of FNT common stock immediately after the distribution. Upon completion of the distribution, FNF will also continue to own its other operating subsidiaries, including its majority-owned subsidiary Fidelity National Information Services, Inc., a leading provider of technology solutions and processing and information services to the financial services and real estate industries, and its wholly-owned subsidiary Fidelity National Insurance Company, which operates various specialty lines of insurance. Separating the businesses that comprise FNF into distinct public companies should provide improved transparency for the investment community and a simpler means of valuing FNF. We also believe that using an independent operating subsidiary strategy will allow us to focus on continuing to improve the operations of each subsidiary while maximizing long-term shareholder value.

No action is required on your part to receive your FNT Class A Common Stock. FNF stockholders will not be required to pay anything to FNF or FNT for the new stock or to surrender any certificates representing shares of FNF stock. **The receipt of the stock of FNT in the distribution will be a taxable event to you for U.S. federal income tax purposes.**

The enclosed prospectus describes the distribution of shares of FNT Class A Common Stock and contains important information about FNT and its business. I suggest that you read it carefully. If you have any questions regarding the distribution, please contact FNT s transfer agent, .

Very truly yours,

William P. Foley, II

Chief Executive Officer and Chairman of the Board
Fidelity National Financial, Inc.

Chairman of the Board
Fidelity National Title Group, Inc.

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[FNT Letterhead]

, 2005

Dear Fidelity National Title Stockholder:

We are delighted to welcome you as a stockholder of Fidelity National Title Group, Inc. (FNT). FNT was recently formed as the holding company for the title insurance businesses of Fidelity National Financial, Inc. (FNF).

As an FNF stockholder, you will receive .175 shares of our Class A Common Stock for each share of FNF common stock that you held at the close of business on the distribution record date, currently expected to be on or about , 2005. Immediately after the distribution, FNF will own shares of our Class B Common Stock representing 82.5% of the outstanding shares of our common stock and 97.9% of the voting power of our common stock. Our Class A Common Stock will be publicly traded for the first time on , 2005 under the symbol FNT. **The receipt of the stock of FNT in the distribution will be a taxable event to you for U.S. federal income tax purposes.**

We will conduct our title insurance business through our title insurance underwriters Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title which together comprise the largest title insurance company in the United States.

We are enthusiastic about what the future holds for FNT. We believe that the formation of FNT as a separate publicly traded title company will enhance our efforts to improve our operating businesses and expand our leadership in the title insurance industry, while allowing us to continue to pursue growth opportunities in our industry.

Congratulations on becoming one of the founding stockholders of FNT.

Very truly yours,

Raymond R. Quirk

Chief Executive Officer
Fidelity National Title Group, Inc.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be distributed until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

(Subject to Completion) Issued August 17, 2005

PROSPECTUS

Shares
(FNT LOGO)
CLASS A COMMON STOCK

We are currently a wholly-owned subsidiary of Fidelity National Financial, Inc. (FNF). In the distribution described in this prospectus, FNF will distribute shares of our Class A Common Stock representing 17.5% of the outstanding shares of our common stock on a pro rata basis to the holders of FNF common stock. The shares being distributed represent 100% of the outstanding shares of our Class A Common Stock. Immediately after the distribution is completed, FNF will own 100% of our outstanding Class B Common Stock, representing 82.5% of the shares of our common stock.

In the distribution, you will receive .175 shares of Class A Common Stock for each share of FNF common stock that you held at the close of business on the distribution record date, currently expected to be on or about , 2005. Immediately following the distribution, we will be an independent, publicly traded company.

We are sending you this prospectus to describe the distribution. We expect the distribution to occur on or about , 2005. You will receive your proportionate number of shares of Fidelity National Title Group, Inc. (FNT) Class A Common Stock through our transfer agent s book-entry registration system. These shares will not be in certificated form. Following the distribution, you may request to receive your shares of FNT Class A Common Stock in certificated form.

No stockholder action is necessary for you to receive your shares of FNT Class A Common Stock. This means that:

- you do not need to pay anything to FNT or FNF; and
- you do not need to surrender any of your shares of FNF s common stock to receive your shares of FNT Class A Common Stock.

In addition, a stockholder vote is not required for the distribution to occur.

The distribution is expected to be taxable to FNF shareholders.

We have applied for the listing of our Class A Common Stock on the New York Stock Exchange under the symbol FNT.

As you review this prospectus, you should carefully consider the matters described in Risk Factors beginning on page 7.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect the shares to be delivered on or about , 2005.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

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PROSPECTUS SUMMARY

This summary highlights some of the information about FNT contained elsewhere in this prospectus and may not contain all of the information that may be important to you. In this prospectus, FNT, we, and our refer to Fidelity National Title Group, Inc. and its subsidiaries, unless the context suggests otherwise. References to FNF are to Fidelity National Financial, Inc. References in this prospectus to dollars or $ are to the lawful currency of the United States of America, unless the context otherwise requires. You should read the following summary together with the entire prospectus, including the more detailed information in our financial statements and related notes appearing elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk Factors.

Company Overview

We are the largest title insurance company in the United States. Our title insurance underwriters Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title together issued approximately 30.5% of all title insurance policies issued nationally during 2004, as measured by premiums *per the Demotech Performance of Title Insurance Companies 2005 Edition*. Our title business consists of providing title insurance and escrow and other title-related products and services arising from the real estate closing process. Our operations are conducted on a direct basis through our own employees who act as title and escrow agents and through independent agents. In addition to our independent agents, our customers are lenders, mortgage brokers, attorneys, real estate agents, home builders and commercial real estate developers.

The Distribution

We are currently a wholly-owned subsidiary of FNF. After the distribution of the shares covered by this prospectus, FNF will beneficially own 100% of the shares of our Class B Common Stock, representing 82.5% of our outstanding common stock and 97.9% of all voting power of our common stock. Upon completion of the distribution, FNF will also continue to own its other operating businesses, including its majority-owned subsidiary Fidelity National Information Services, Inc. (FIS), and its wholly-owned subsidiary Fidelity National Insurance Company (FNIC).

Competitive Strengths

We believe that our competitive strengths include the following:

Leading title insurance company. We are the largest title insurance company in the United States and the leading provider of title insurance and escrow services for real estate transactions. We have approximately 1,500 locations throughout the United States providing our title insurance services.

Established relationships with our customers. We have strong relationships with the customers who use our title services. We also benefit from strong brand recognition in our five FNT title brands that allows us to access a broader client base than if we operated under a single consolidated brand and provides our customers with a choice among FNT brands.

Strong value proposition for our customers. We provide our customers with services that support their ability to effectively close real estate transactions. We help make the real estate closing more efficient for our customers by offering a single point of access to a broad platform of title-related products and resources necessary to close real estate transactions.

Proven management team. The managers of our operating businesses have successfully built our title business over an extended period of time. Our managers have demonstrated their leadership ability during numerous acquisitions through which we have grown and throughout a number of business cycles and significant periods of industry change.

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Competitive cost structure. We have been able to maintain operating margins that we believe are among the best in the industry. When compared to other industry competitors, we also believe that our management structure has fewer layers of managers which allows us to operate with lower overhead costs.

Commercial title insurance. Our network of agents, attorneys, underwriters and closers that service the commercial real estate markets is one of the largest in the industry. Our commercial network combined with our financial strength makes our title insurance operations attractive to large national lenders.

Corporate principles. A cornerstone of our management philosophy and operating success is the five fundamental precepts upon which FNF was founded:

Bias for action

Autonomy and entrepreneurship

Employee ownership

Minimal bureaucracy

Close customer relationships

Strategy

Our strategy in the title insurance business is to maximize operating profits by increasing our market share and managing operating expenses throughout the real estate business cycle. To accomplish our goals, we intend to:

Continue to operate each of our five title brands independently. We believe that in order to maintain and strengthen our title insurance customer base, we must leave the Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title brands intact and operate these brands independently.

Consistently deliver superior customer service. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. Our goal is to continue to improve the experience of our customers in all aspects of our business.

Manage our operations successfully through business cycles. We operate in a cyclical business and our ability to diversify our revenue base within our core title insurance business and manage the duration of our investments may allow us to better operate in this cyclical business. Maintaining a broad geographic revenue base, utilizing both direct and independent agency operations and pursuing both residential and commercial title insurance business help diversify our title insurance revenues.

Continue to improve our products and technology. As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant change, frequent new product and service introductions and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards.

Maintain values supporting our strategy. We believe that continuing to focus on and support our long-established corporate culture will reinforce and support our business strategy. Our goal is to foster and support a corporate culture where our agents and employees seek to operate independently and profitably at the local level while forming close customer relationships by meeting customer needs and improving customer service.

Effectively manage costs based on economic factors. We believe that our focus on our operating margins is essential to our continued success in the title insurance business. Regardless of the business cycle in which we may be operating, we seek to continue to evaluate and manage our cost structure and make appropriate adjustments where economic conditions dictate to help us to better maintain our operating margins.

Challenges

We face challenges in maintaining our strengths and implementing our strategies, including but not limited to the following:

Further downgrades in our ratings could negatively affect our business. After FNF announced this distribution, A.M. Best Company, Inc. (A.M. Best) downgraded the financial strength ratings of our principal insurance subsidiaries to A- (Excellent). As the ratings of our insurance subsidiaries have significant influence on our business, a future downgrade could have a material adverse effect on our results of operations.

We are dependent on our subsidiaries to pay dividends. As a holding company, we are dependent on distributions from our subsidiaries and our ability to declare and pay dividends may be adversely affected if distributions from our subsidiaries are materially impaired. Our title insurance subsidiaries must comply with state and federal laws requiring them to maintain minimum amounts of working capital, surplus and reserves and placing restrictions on the amount of dividends that they can distribute to us.

Changes in real estate activity may adversely affect our performance. While our title insurance revenues have benefited in recent years from record lows in mortgage interest rates and record highs in both volume and average price of residential real estate, if any of these trends change we may experience a decline in our revenues.

We will be controlled by FNF as long as it owns a majority of the voting power of our common stock. While FNF controls us, FNF will control decisions relating to the direction of our business, financing and the payment of dividends. In addition, FNF will be able to elect all of our directors and determine the outcome of any actions requiring stockholder approval.

We face competition in our title business from traditional title insurers and from new entrants with alternative products. The competitors in our principal markets include larger companies such as The First American Corporation, LandAmerica Financial Group, Inc., Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous smaller title insurance companies and independent agency operations at the regional and local level. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect our business operations and financial condition.

We and our subsidiaries are subject to extensive regulation by state insurance authorities in each state in which we operate. The regulations imposed by state insurance authorities may affect our ability to increase or maintain rate levels and may impose conditions on our operations.

For additional challenges and risks relating to our business, see Risk Factors.

Company History

The predecessors to FNT have primarily been title insurance companies, some of which have been in operation since the late 1800s. Many of these title insurance companies have been acquired in the last two decades. During the 1990s, FNF acquired Alamo Title, Nations Title Inc., Western Title Company of Washington and First Title Corp. In 2000, FNF completed the acquisition of Chicago Title Corp. and in 2004, FNF acquired American Pioneer Title Insurance Company, which now operates under our Ticor Title brand. Our businesses have historically been operated as wholly-owned subsidiaries of FNF.

Our principal executive offices are located at 601 Riverside Avenue, Jacksonville, Florida 32204, and our telephone number is (904) 854-8100.

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Summary of the Distribution

The Distribution	The distribution is part of a restructuring whereby FNT will become a separate publicly traded company.
Reason for the Distribution	The distribution should enhance the ability of the financial markets to evaluate the individual operations of the title business which were previously valued as part of FNF s operations. A separate publicly traded title company will also allow investors who prefer title company operations to that of the broader operations of FNF to own an investment directly in FNT. Moreover, separate incentive compensation plans for key employees will provide incentives that are more directly related to the performance of the title insurance business.
Distributing Company	FNF. After the distribution, FNF will own 100% of FNT s Class B Common Stock, comprising approximately 82.5% of FNT s outstanding common stock. FNF has indicated it currently has no plans to dispose of its common stock interest in FNT.
Securities to be Distributed	Approximately shares of the Class A Common Stock of FNT, representing 100% of the outstanding Class A Common Stock of FNT and approximately 17.5% of FNT s outstanding common stock. Immediately following the distribution, approximately stockholders of record will hold shares of the Class A Common Stock, although some of the shares may be registered in the name of a single stockholder who represents a number of stockholders.
Distribution Ratio	Each stockholder of FNF common stock will receive .175 shares of Class A Common Stock of FNT for each FNF share held on the distribution record date.
Voting Rights	Holders of Class A Common Stock are entitled to one vote per share held on all matters submitted to a vote of FNT stockholders. Holders of Class B Common Stock are entitled to ten votes per share held on all matters submitted to a vote of stockholders.
Distribution Record Date	Expected to be , 2005 (close of business)
Distribution Date	Expected to be , 2005
Distribution Agent	
Registrar and Transfer Agent	
Use of Proceeds	Because this is not an offering for cash, there will be no proceeds to FNT from the distribution.
Dividend Policy	We currently intend to pay an annual dividend of $1.00 per FNT common share payable quarterly to FNT stockholders of record, beginning in the quarter of 2005. Any determination to pay cash dividends will be made at the discretion of our board of directors.
Proposed NYSE Symbol	We have applied to list our Class A Common Stock on the New York Stock Exchange under the symbol FNT.

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Tax Consequences	The receipt of the stock of FNT in the distribution will be a taxable event to FNF stockholders for U.S. federal income tax purposes. See United States Federal Income Tax Considerations.
Distribution of Shares	On or shortly after the distribution date, beneficial owners of shares of FNF common stock on the distribution record date should have credited to their brokerage, custodian or similar account through which they own their FNF common stock, the number of shares of our Class A Common Stock to which they are entitled in the distribution.
Relationship with FNF after the Distribution	We expect to enter into certain agreements with FNF which will address various matters such as corporate services, taxes, employee matters, registration rights and intellectual property, among other things. See Our Arrangements with FNF.

The number of shares of our common stock identified above as outstanding after this distribution does not include options that we will grant to our employees and directors in connection with this distribution. In connection with this distribution, we will grant employees and directors options to purchase an aggregate of approximately shares of our Class A Common Stock at an exercise price equal to the closing price of our Class A Common Stock on the NYSE on the date of the distribution. See Management Omnibus Incentive Plan.

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Summary Historical Financial Information

The following table sets forth our summary historical financial information. The summary historical financial information as of December 31, 2004 and 2003 and for each of the years in the three-year period ended December 31, 2004 has been derived from our combined financial statements and related notes, which have been audited by KPMG LLP, an independent registered public accounting firm. The audited combined financial statements as of December 31, 2004 and 2003 and for each of the years in the three-year period ended December 31, 2004 are included elsewhere in this prospectus. The summary historical financial information as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 has been derived from our unaudited condensed combined financial statements, which are included elsewhere in this prospectus. You should read this financial information in conjunction with the audited and unaudited combined financial statements included elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical combined financial information has been prepared from the historical results of the operations transferred to us and gives effect to allocations of certain corporate expenses to and from FNF. Our summary historical combined financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a stand-alone entity during the periods presented. Our results of interim periods are not necessarily indicative of results for the entire year.

	Six Months Ended June 30,		**Year Ended December 31,**		
	2005(1)	**2004(1)**	**2004(1)**	**2003(1)**	**2002**
STATEMENT OF EARNINGS DATA (in thousands)					
Total title premiums	$ 2,321,596	$ 2,335,449	$ 4,718,217	$ 4,700,750	$ 3,547,727
Escrow and other title-related fees	543,465	514,019	1,039,835	1,058,729	790,787
Other income	87,372	66,780	131,361	211,236	128,816
Total revenue	2,952,433	2,916,248	5,889,413	5,970,715	4,467,330
Total expenses	2,561,607	2,478,236	5,006,486	4,878,795	3,697,966
Earnings before income taxes and minority interest	390,826	438,012	882,927	1,091,920	769,364
Income tax expense	146,637	160,312	323,598	407,736	276,970
Earnings before minority interest	244,189	277,700	559,329	684,184	492,394
Minority interest	1,292	455	1,165	859	624
Net earnings	$ 242,897	$ 277,245	$ 558,164	$ 683,325	$ 491,770

	As of June 30, 2005
BALANCE SHEET DATA (in thousands)	

Cash and cash equivalents	$	614,555
Total assets		5,973,378
Total long-term debt		7,802
Minority interest		4,643
Total equity		3,044,615

(1) Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, using the prospective method of adoption in accordance with SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure , and as a result recorded stock compensation expense of $3.4 million and $3.0 million for the years ended December 31, 2004 and 2003, respectively, and $5.4 million and $2.1 million for the six months ended June 30, 2005 and 2004, respectively.

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RISK FACTORS

An investment in our common stock involves a number of risks. Each stockholder of FNT common stock should carefully consider the following information about these risks, together with the other information contained in this prospectus. These risks could materially affect our business, results of operations or financial condition and cause the trading price of our common stock to decline.

Risks Relating to Our Business

If adverse changes in the levels of real estate activity occur, our revenues will decline.

Title insurance revenue is closely related to the level of real estate activity which includes sales and mortgage refinancing. The levels of real estate activity are primarily affected by the average price of real estate sales, the availability of funds to finance purchases and mortgage interest rates. We have found that residential real estate activity generally decreases in the following situations:

- when mortgage interest rates are high or increasing;
- when the mortgage funding supply is limited; and
- when the United States economy is weak.

While prevailing mortgage interest rates have declined to record lows in recent years and both volume and average price of residential real estate transactions have experienced record highs, these trends may not continue. If either the level of real estate activity or the average price of real estate sales decline it could adversely affect our title insurance revenues.

Because we are dependent upon California for over twenty-two percent of our title insurance premiums, our business may be adversely affected by regulatory conditions in California.

California is the largest source of revenue for the title insurance industry and in 2004, California-based premiums accounted for 49.2% of premiums earned by our direct operations and 2.6% of our agency premium revenues. In the aggregate, California accounted for 22.4% of our total title insurance premiums for 2004. A significant part of our revenues and profitability are therefore subject to our operations in California and to the prevailing regulatory conditions in California. Adverse regulatory developments in California, which could include reductions in the maximum rates permitted to be charged, inadequate rate increases or more fundamental changes in the design or implementation of the California title insurance regulatory framework, could have a material adverse effect on our results of operations and financial condition.

Our subsidiaries engage in insurance-related businesses and must comply with additional regulations. These regulations may impede, or impose burdensome conditions on, our rate increases or other actions that we might seek to increase the revenues of our subsidiaries.

Our insurance businesses are subject to extensive regulation by state insurance authorities in each state in which we operate. These agencies have broad administrative and supervisory power relating to the following, among other matters:

- licensing requirements;
- trade and marketing practices;
- accounting and financing practices;
- capital and surplus requirements;
- the amount of dividends and other payments made by insurance subsidiaries;
- investment practices;

rate schedules;

deposits of securities for the benefit of policyholders;

establishing reserves; and

regulation of reinsurance.

Most states also regulate insurance holding companies like us with respect to acquisitions, changes of control and the terms of transactions with our affiliates. State regulations may impede or impose burdensome conditions on our ability to increase or maintain rate levels or on other actions that we may want to take to enhance our operating results, and could affect our ability to pay dividends on our common stock. In addition, we may incur significant costs in the course of complying with regulatory requirements. We cannot assure you that future legislative or regulatory changes will not adversely affect our business operations. See Business Regulation.

Regulatory investigations of the insurance industry may lead to new regulation and legal uncertainty, which could negatively affect our results of operations.

In the fall of 2004, the California Department of Insurance began an investigation into reinsurance practices in the title insurance industry and in February 2005 FNF was issued a subpoena to provide information to the California Department of Insurance as part of its investigation. This investigation paralleled similar inquiries of the National Association of Insurance Commissioners, which began earlier in 2004. The investigations have focused on arrangements in which title insurers would write title insurance generated by realtors, developers and lenders and cede a portion of the premiums to a reinsurance company affiliate of the entity that generated the business. Other state insurance departments and attorneys general also have made formal or informal inquiries of us regarding these matters.

We recently negotiated a settlement with the California Department of Insurance with respect to that department s inquiry into captive reinsurance programs in the title insurance industry. Under the terms of the settlement we will refund approximately $7.7 million to those consumers whose California property was subject to a captive reinsurance arrangement and we will pay a penalty of $5.6 million.

We have been cooperating and intend to continue to cooperate with the other ongoing investigations. We have discontinued all reinsurance agreements of the type the investigations cover. The total amount of premiums we ceded to reinsurers was approximately $10 million over the existence of these agreements. These investigations are at an early stage and as a result we are unable to give any assurance regarding their consequences for the industry or for us.

State regulation of the rates we charge for title insurance could adversely affect our results of operations.

Our subsidiaries are subject to extensive rate regulation by the applicable state agencies in the jurisdictions in which we operate. Title insurance rates are regulated differently in the various states in which we operate, with some states requiring our subsidiaries to file rates before such rates become effective and some states promulgating the rates to be charged by our subsidiaries. In almost all states in which we operate, our rates must not be excessive, inadequate or unfairly discriminatory.

The California Department of Insurance has recently announced its intent to examine levels of pricing and competition in the title insurance industry in California. New York and Colorado insurance regulators have also announced similar inquiries and other states could follow. At this stage, we are unable to predict what the outcome will be of this or any similar review.

State regulators may use their rate-regulation oversight authority to take steps to cause us to reduce our rates, or block our attempts to increase our rates. Such actions by regulators could adversely affect our operating results.

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If the rating agencies further downgrade our company our results of operations and competitive position in the industry may suffer.

Ratings have always been an important factor in establishing the competitive position of insurance companies. Our insurance companies are rated by Standard & Poor s, a division of The McGraw-Hill Companies, Inc. (S&P), Moody s Corporation (Moody s), Fitch Ratings, Inc. (Fitch), A.M. Best and Demotech, Inc. (Demotech). Ratings reflect the opinion of a rating agency with regard to an insurance company s or insurance holding company s financial strength rating, operating performance, and ability to meet its obligations to policyholders and are not evaluations directed to investors. In connection with the announcement of this distribution, S&P placed our A-financial strength rating on CreditWatch negative, Moody s affirmed our A3 financial strength rating although the rating outlook was changed to negative and Fitch placed our financial strength rating on Rating Watch Negative. In addition, A.M. Best downgraded the financial strength ratings of our principal insurance subsidiaries to A-. Our ratings are subject to continued periodic review by those entities and the continued retention of those ratings cannot be assured. If our ratings are reduced from their current levels by those entities, our results of operations could be adversely affected. The relative position of each of our ratings among the ratings assigned by each rating agency is as follows:

the seventh highest rating of twenty-one ratings for S&P;

the seventh highest rating of twenty-one ratings for Moody s;

the seventh highest rating of twenty-four ratings for Fitch;

the fourth highest rating of fifteen ratings for A.M. Best; and

the first and second highest ratings of five ratings for Demotech.

As a holding company, we depend on distributions from our subsidiaries, and if distributions from our subsidiaries are materially impaired, our ability to declare and pay dividends may be adversely affected.

We are a holding company whose primary assets are the securities of our operating subsidiaries. Our ability to pay dividends is dependent on the ability of our subsidiaries to pay dividends or repay funds to us. If our operating subsidiaries are not able to pay dividends or repay funds to us, we may not be able to declare and pay dividends to our stockholders.

Our title insurance subsidiaries must comply with state and federal laws which require them to maintain minimum amounts of working capital, surplus and reserves and place restrictions on the amount of dividends that they can distribute to us. Compliance with these laws will limit the amounts our regulated subsidiaries can dividend to us. During the remainder of 2005, our title insurance subsidiaries can pay dividends or make distributions to us of approximately $89.1 million without prior regulatory approval.

We face competition in our title business from traditional title insurers and from new entrants with alternative products.

The title insurance industry is highly competitive. According to Demotech, the top five title insurance companies accounted for 90.2% of net premiums collected in 2004. Over 40 independent title insurance companies accounted for the remaining 9.8% of the market. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as The First American Corporation, LandAmerica Financial Group, Inc., Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous smaller title insurance companies and independent agency operations at the regional and local level. These smaller companies may expand into other markets in which we compete. Also, the removal of regulatory barriers might result in new competitors entering the title insurance business, and those new competitors may include companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect our business operations and financial condition.

Our historical financial information may not be representative of our results as a consolidated, stand-alone company and may not be a reliable indicator of our future results.

Our historical financial statements may not be indicative of our future performance as a consolidated, stand-alone company. We were incorporated on May 24, 2005 in anticipation of the distribution. Prior to the distribution, FNF will contribute to us the various FNF subsidiaries that conduct our business. Our historical financial statements reflect assets, liabilities, revenues and expenses directly attributable to our operations. Accordingly, they exclude certain of our expenses that have been allocated to other operations of FNF and of FIS, and they reflect an allocation to us of a portion of the compensation of certain senior officers and other personnel of FNF who will not be our employees after the distribution but who have historically provided services to us. These allocations are expected to in general continue after the distribution under the corporate services agreements to be entered into in connection with the distribution. Further, our financial statements reflect transactions with related parties, which were not negotiated on an arms-length basis. Our historical financial statements presented in this prospectus do not reflect the debt or interest expense we might have incurred if we had been a stand-alone entity. In addition, we will incur other expenses, not reflected in our historical financial statements, as a result of being a separate publicly traded company. As a result of these and other factors, our historical financial statements do not necessarily reflect what our financial position and results of operations would have been if we had been operated as a stand-alone public entity during the periods covered, and may not be indicative of future results of operations or financial position.

Risks Relating to the Distribution

We will be controlled by FNF as long as it owns a majority of the voting power of our common stock and our other stockholders will be unable to affect the outcome of stockholder voting during this time.

As long as FNF continues to hold a majority of the voting power of our outstanding stock, FNF will be able to elect all of our directors and determine the outcome of all corporate actions requiring stockholder approval. After the completion of this distribution, FNF will own 100% of our Class B Common Stock, representing approximately 82.5% of our outstanding common stock, and 97.9% of all voting power of our outstanding common stock. In order to consolidate the results of our operations for tax purposes, FNF is generally required to own at least 80% of our outstanding common stock and as a result FNF may be unlikely to decrease its ownership below 80%. The Class B Common Stock entitles FNF to ten votes per share on all matters submitted to stockholders until converted to Class A Common Stock.

While it controls us, FNF will control decisions with respect to:

- our business direction and policies, including the election and removal of our directors;
- mergers or other business combinations involving us;
- the acquisition or disposition of assets by us;
- our payment of dividends;
- our financing; and
- amendments to our certificate of incorporation and bylaws.

This could make it more difficult for us to raise capital by selling stock or using our stock as currency in acquisitions. This concentrated ownership also might delay or prevent a change in control and may impede or prevent transactions in which stockholders might otherwise receive a premium for their shares. In addition, we will enter into a registration rights agreement with FNF requiring us, under certain circumstances, to register FNT shares beneficially owned by FNF following this distribution. See Our

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Arrangements with FNF Registration Rights Agreement. If FNF exercises these registration rights, the market price of our common stock could be adversely affected.

We could have conflicts with entities remaining with FNF, and the chairman of our board of directors will also be both the chief executive officer and chairman of the board of directors of FNF and FIS.

Conflicts may arise between entities remaining with FNF and us as a result of our ongoing agreements and the nature of our respective businesses. We will seek to manage any potential conflicts through our agreements with FNF and other FNF entities and through oversight by independent members of our board of directors. However, there can be no assurances that such measures will be effective or that we will be able to resolve all potential conflicts with entities remaining with FNF, and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated third party.

Some of our executive officers own substantial amounts of FNF and FIS stock and options because of their relationships with FNF and FIS prior to this distribution. Such ownership could create or appear to create potential conflicts of interest involving fiduciary duties when directors and officers are faced with decisions that could have different implications for our company and FNF or FIS.

Mr. Foley is the chairman of our board of directors and will continue to be the chief executive officer and chairman of the board of directors of FNF and chief executive officer and chairman of the board of directors of FIS following this distribution. As an officer and director of multiple companies, he will have obligations to us as well as FNF and FIS and may have conflicts of interest with respect to matters potentially or actually involving or affecting us. Matters that could give rise to conflicts include, among other things:

- our past and ongoing relationships with FNF and other entities of FNF, including tax matters, employee benefits, indemnification, and other matters;
- the quality and pricing of services that we have agreed to provide to entities remaining with FNF or that those entities have agreed to provide to us; and
- sales or distributions by FNF of all or part of its ownership interest in us.

Provisions of our certificate of incorporation may prevent us from receiving the benefit of certain corporate opportunities.

Because FNF and FIS may engage in the same activities in which we engage, there is a risk that we may be in direct competition with FNF and FIS over business activities and corporate opportunities. To address these potential conflicts, we have adopted a corporate opportunity policy that has been incorporated into our certificate of incorporation. Among other things, this policy provides that FNF has no duty not to compete with us or to provide us with corporate opportunities of which it becomes aware. The policy also limits the situations in which one of our directors or officers, if also a director or officer of FNF, must offer corporate opportunities to us of which such individual becomes aware. These provisions may limit the corporate opportunities of which we are made aware or which are offered to us. See Description of Capital Stock Provisions of our Certificate of Incorporation and Resolutions Relating to Corporate Opportunities. Moreover, our ability to take advantage of certain corporate opportunities may be limited by FNF s voting control over us.

Risks Relating to our Common Stock

You may experience fluctuations in the prices of our common stock or the common stock of FNF as a result of this distribution.

Prior to this distribution, there has not been a market for our common stock. Our common stock will be traded on the NYSE after the distribution. We cannot predict the prices at which our common stock may trade after the distribution. After the distribution, FNF common stock will continue to be listed and traded on the NYSE. As a result of the distribution, the trading price of FNF common stock will likely be lower than the trading price of FNF common stock immediately prior to the distribution. The combined trading prices of FNF common stock and FNT common stock after the distribution may be less than, equal to or greater than the trading prices of FNF common stock immediately prior to the distribution. Until the market has fully analyzed the operations of FNF separate from the operations of FNT and the operations of FNT separate from the operations of FNF, the prices at which both FNT and FNF common stock trade may fluctuate.

The price of our common stock may be volatile and may be affected by market conditions beyond our control.

Our share price is likely to fluctuate in the future because of the volatility of the stock market in general and a variety of factors, including:

- quarterly variations in actual or anticipated results of our operations;
- changes in financial estimates by securities analysts;
- actions or announcements by our competitors;
- regulatory actions;
- changes in the market outlook for the lending and real estate industries;
- departure of our key personnel; and
- future sales of our common stock, including by FNF.

These market fluctuations could result in volatility in the price of our shares of common stock, which could cause a decline in the value of your investment. You should also be aware that price volatility may be greater if the public float and trading volume of our shares of common stock is low.

Provisions in our charter documents, Delaware law and state insurance laws may delay or prevent a change in control and may therefore prevent stockholders from receiving the benefit of potential control transactions.

Our certificate of incorporation, bylaws and the laws of Delaware contain provisions that may delay, deter or prevent a takeover attempt that some stockholders might consider in their best interests. For example, our organizational documents provide for a classified board of directors with staggered terms, prevent stockholders from taking action by written consent, prevent stockholders from calling a special meeting of stockholders, provide for supermajority voting requirements to amend our certificate of incorporation and certain provisions of our bylaws and provide for the filling of vacancies on our board of directors by the majority of the directors then in office. These provisions will render the removal of the incumbent board of directors or management more difficult. In addition, these provisions may prevent stockholders from receiving the benefit of any premium over the market price of our common stock offered by a bidder in a potential takeover. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state where the domestic insurer is domiciled. Prior to granting approval of an application to acquire control of a domestic insurer, the state insurance commissioner will consider such factors as the financial strength of the applicant, the integrity and management of the applicant s board of directors and executive officers, the acquiror s plans for the insurer s board of directors and executive officers, the acquiror s plans for the future operations of the domestic insurer and any anti-competitive results that may arise from the consummation of the acquisition of control. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the domestic insurer. Because a person acquiring 10% or more of our common shares would indirectly control the same percentage of the stock of our title insurance subsidiaries, the insurance change of control laws would likely apply to such a transaction.

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THE DISTRIBUTION

History

We are currently a wholly-owned subsidiary of FNF. We were incorporated in Delaware on May 24, 2005 in connection with a restructuring by FNF of its title insurance business. In the restructuring, FNT will become the holding company for FNF s title insurance business. The distribution will result in FNT s title insurance business becoming a separate public company, distinct from FNF s information services business and specialty insurance business.

Benefits of the Distribution

We believe that we can realize significant benefits from the distribution. These benefits include:

- having a separate public company which will enable financial markets to better evaluate the individual operations of the title business apart from FNF;
- having a separate management and ownership structure for our company which will provide equity based compensation that is more closely related to the business in which our employees work; and
- placing us in a better position to focus on the title insurance business and maintain our competitiveness in a consolidating title insurance market.

Actions to be Taken Prior to the Distribution

Currently, FNF directly owns various subsidiaries engaged in the title insurance business. FNF will contribute the stock or other securities of these entities to its subsidiary Chicago Title and Trust Company (CTT). As a result of this contribution, these entities and their subsidiaries will become direct or indirect subsidiaries of CTT. Following this contribution, FNF will contribute the stock of CTT to FNT. Following this contribution, the entities comprising FNF s title business will be direct or indirect subsidiaries of FNT. This reorganization is subject to the prior approval of insurance and other regulators in several states.

Prior to the distribution of FNT common stock to the stockholders of FNF, we will enter into certain agreements in connection with the distribution. These agreements include:

- a separation agreement between us and FNF that sets forth agreements relating to our provision of financial information to FNF and cross-indemnification;
- corporate services agreements under which we will provide corporate and other support services to FNF and to FIS, and under which FNF will provide certain services to us;
- a tax matters agreement which covers our responsibilities with respect to tax liabilities and refunds, tax attributes, tax contests and other matters relating to income tax;
- a services agreement between us and FIS under which FIS will provide IT and other technology support services to us; and
- various other agreements covering employee matters, intellectual property, and other matters.

The separation agreement provides that both FNT and FNF will have access to financial information of each other and that FNT will provide to FNF all financial information and other data that will allow FNF to consolidate our results of operations and financial position or account for FNF s investment in our company under the equity method of accounting. In addition, each of FNT and FNF have agreed to indemnify the other in connection with the liabilities each assumes and any breach by it of the agreements entered into as a result of this distribution. For more detailed descriptions of the above agreements, see Our Arrangements with FNF.

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In addition, prior to the distribution we currently intend to:

Issue $500 million principal amount of notes to FNF, with terms that mirror FNF s existing public debt; and

Enter into a new credit facility, borrow $150 million under that facility and pay it to FNF in satisfaction of a $150 million intercompany note issued by one of our subsidiaries to FNF in August 2005.

These intended changes in our capital structure may be modified prior to the distribution. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Manner of Effecting the Distribution

FNF will effect the distribution by delivering shares of Class A Common Stock of FNT representing 17.5% of the outstanding shares of FNT common stock to , which will serve as the distribution agent for the distribution, for a pro rata distribution to the holders of record of FNF as of the close of business on the record date of , 2005. The distribution of FNT Class A Common Stock will be made on the basis of a distribution ratio of .175 shares of FNT Class A Common Stock for every share of FNF common stock held as of the close of business on the record date. The actual total number of shares of FNT Class A Common Stock to be distributed depends on the number of shares of FNF common stock outstanding as of the record date. The distribution agent will credit the brokerage accounts of FNF stockholders, or if requested, will mail FNT Class A Common Stock certificates to FNF stockholders, on , 2005.

No Fractional Shares

No fractional shares of FNT Class A Common Stock will be issued to FNF stockholders as part of the distribution. Instead, all fractional shares will be aggregated and sold in the public market by the distribution agent, and the aggregate cash proceeds will be distributed proportionately to stockholders otherwise entitled to fractional shares. The distribution agent in its sole discretion will determine how and through which broker-dealer and at what price to make the sales of the aggregated fractional shares. Neither the distribution agent nor the broker-dealer will be an affiliate of FNF or FNT. If you would otherwise be entitled to a fractional share, you will receive a check or a credit to your brokerage account in an amount equal to the value of the fractional shares as soon as practicable after the distribution.

Results of the Distribution

After the distribution, FNT will be a publicly traded company, with FNF owning 100% of our Class B Common Stock, representing 82.5% of FNT s outstanding common stock and 97.9% of the voting power of our common stock. FNF will continue to be a publicly traded company. In addition, immediately after the distribution the number and identity of stockholders of record of FNT will be the same as the number and identity of stockholders of record of FNF on , 2005, the record date for the distribution. As of the record date, FNF had approximately stockholders of record and shares of common stock outstanding. The distribution will not affect the number of outstanding shares of FNF common stock or the rights of FNF stockholders. On , 2005, shares of FNT Class A Common Stock will be quoted on the NYSE under the symbol FNT. Shares of FNF common stock will continue to be listed on the NYSE under the symbol FNF.

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FORWARD-LOOKING STATEMENTS

Some of the statements under Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus include forward-looking statements which reflect our current views with respect to future events and financial performance. These statements include forward-looking statements both with respect to us specifically and the businesses in which we are engaged generally. Statements that include the words expect, intend, plan, believe, project, anticipate, will and simi statements of a future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. These factors include:

- adverse changes in real estate activity;
- regulatory conditions in California;
- regulation by state insurance authorities;
- regulatory investigations involving title insurance;
- rate regulation by state authorities;
- downgrades by our rating agencies;
- dependence upon our subsidiaries for dividend payments;
- competition from traditional title insurers and new entrants; and
- other factors described under Risk Factors.

We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

USE OF PROCEEDS

Because this is not an offering for cash, there will be no proceeds from the distribution.

DIVIDEND POLICY

We currently intend to pay an annual dividend of $1.00 per FNT common share payable quarterly to FNT stockholders of record, beginning in the quarter of 2005. Any determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon various factors then existing, including:

- our financial condition, operating results and current and anticipated cash needs;
- general economic and business conditions;
- our strategic plans and business prospects;
- regulatory restrictions on the ability of our subsidiaries to pay dividends to us to provide us with cash for the payment of dividends to our stockholders;
- any legal or contractual restrictions on our ability to pay dividends to our stockholders; and
- other factors that our board of directors may consider to be relevant.

Our U.S. insurance subsidiaries are regulated by the insurance laws and regulations of their respective states of domicile regarding dividends and distributions to us. During the remainder of 2005, our title insurance subsidiaries can pay dividends or make distributions to us of approximately $89.1 million without prior regulatory approval. For a more detailed discussion of the regulatory restrictions on dividends from our title insurance subsidiaries, see Business Regulation.

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CAPITALIZATION

The following table describes our cash and cash equivalents and capitalization as of June 30, 2005 on an actual basis, and on an as-adjusted basis to give effect to the distribution, the debt we will incur immediately prior to the distribution, the payment of dividends by one of our insurance subsidiaries to FNF and our estimated distribution expenses. The information presented below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our combined financial statements and the related notes included elsewhere in this prospectus.

	As of June 30, 2005		
	Actual		As Adjusted
	(In thousands)		
Cash and cash equivalents	$	614,555	
Total long-term debt		7,802	
Stockholders equity			
Common stock, $0.0001 par value			
Additional paid-in capital			
Investment by FNF		3,096,617	
Accumulated other comprehensive loss		(52,002)	
Total		3,044,615	
Total capitalization	$	3,052,417	

The actual and as-adjusted information set forth in the table:

- excludes shares of common stock issuable upon the exercise of stock options to be granted under our omnibus incentive plan as of completion of this distribution, at an exercise price equal to the closing price of our Class A Common Stock on the NYSE on the date of the distribution; and

- excludes shares of common stock available for future issuance under our omnibus incentive plan. For a description of this plan, see Management Omnibus Incentive Plan.

The as adjusted information set forth in the table:

- includes the payment of a dividend of $145 million in July 2005 to FNF by one of our insurance subsidiaries.

- includes $150 million of borrowings under a new credit facility to repay a $150 million principal amount promissory note dividended in August 2005 to FNF by one of our insurance subsidiaries; and

- includes our planned issuance of $500 million principal amount of notes to FNF, with terms that mirror FNF s existing public debt;

Our capital structure is subject to conditions at the time of the distribution and to finalizing our discussions with the rating agencies and may be modified prior to the distribution. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

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SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth our selected historical financial information. The selected historical financial information as of December 31, 2004 and 2003 and for each of the years in the three-year period ended December 31, 2004 has been derived from our combined financial statements and related notes, which have been audited by KPMG LLP, an independent registered public accounting firm. The audited combined financial statements as of December 31, 2004 and 2003 and for each of the years in the three-year period ended December 31, 2004 are included elsewhere in this prospectus. The selected historical financial information as of June 30, 2004 and December 31, 2002 and as of and for the years ended December 31, 2001 and 2000 has been derived from our unaudited combined financial statements not appearing herein. The selected historical financial information as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 has been derived from our unaudited condensed combined financial statements, which are included elsewhere in this prospectus. You should read this financial information in conjunction with the audited and unaudited combined financial statements included elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations. Our selected historical financial information has been prepared from the historical results of the operations transferred to us and gives effect to allocations of certain corporate expenses to and from FNF. Our selected historical financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a stand-alone entity during the periods presented. Our results of interim periods are not necessarily indicative of results for the entire year.

	Six Months Ended June 30,		Year Ended December 31,				
	2005(2)	2004(2)	2004(2)	2003(2)	2002	2001(1)(3)	2000(1)
	(In thousands)						
Statement of Earnings Data							
Direct title insurance premiums	$ 1,017,396	$ 987,019	$ 2,003,447	$ 2,105,317	$ 1,557,769	$ 1,252,656	$ 786,588
Agency title insurance premiums	1,304,200	1,348,430	2,714,770	2,595,433	1,989,958	1,441,416	1,159,205
Total title premiums	2,321,596	2,335,449	4,718,217	4,700,750	3,547,727	2,694,072	1,945,793
Escrow and other title related fees	543,465	514,019	1,039,835	1,058,729	790,787	656,739	496,435
Total title and escrow	2,865,061	2,849,468	5,758,052	5,759,479	4,338,514	3,350,811	2,442,228
Interest and investment income	45,430	28,163	64,885	56,708	72,305	88,232	80,407
Realized gains and losses, net	21,922	17,044	22,948	101,839	584	946	4,605
Other income	20,020	21,573	43,528	52,689	55,927	50,476	27,434

Total revenue	2,952,433	2,916,248	5,889,413	5,970,715	4,467,330	3,490,465	2,554,674
Personnel costs	904,603	838,063	1,680,805	1,692,895	1,260,070	1,036,236	765,319
Other operating expenses	451,093	422,113	849,554	817,597	633,193	558,263	457,476
Agent commissions	1,005,121	1,046,601	2,117,122	2,035,810	1,567,112	1,131,892	906,043
Depreciation and amortization	49,389	44,193	95,718	79,077	53,042	100,225	88,033
Provision for claim losses	150,677	125,010	259,402	248,834	175,963	134,527	97,161
Interest expense	724	2,256	3,885	4,582	8,586	15,695	15,460
Total expenses	2,561,607	2,478,236	5,006,486	4,878,795	3,697,966	2,976,838	2,329,492
Earnings before income taxes and minority interest	390,826	438,012	882,927	1,091,920	769,364	513,627	225,182
Income tax expense	146,637	160,312	323,598	407,736	276,970	205,965	97,053
Earnings before minority interest	244,189	277,700	559,329	684,184	492,394	307,662	128,129
Minority interest	1,292	455	1,165	859	624		
Cumulative effect of accounting change						5,709	
Net earnings	$ 242,897	$ 277,245	$ 558,164	$ 683,325	$ 491,770	$ 301,953	$ 128,129

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(1) Effective January 1, 2002, we adopted SFAS No. 142 Goodwill and Other Intangible Assets and as a result, have ceased to amortize goodwill. Goodwill amortization in 2001 and 2000 was $33.2 million and $47.5 million, respectively.

(2) Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation , using the prospective method of adoption in accordance with SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure , and as a result recorded stock compensation expense of $3.4 million and $3.0 million for the years ended December 31, 2004 and 2003, respectively, and $5.4 million and $2.1 million for the six months ended June 30, 2005 and 2004, respectively.

(3) During 2001, we recorded a $5.7 million, after-tax charge, reflected as a cumulative effect of a change in accounting principle, as a result of adopting Emerging Issues Task Force No. 99-20, Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets , (EITF 99-20).

	As of June 30,		As of December 31,				
	2005	2004	2004	2003	2002	2001	2000
				(In thousands)			
Balance sheet data (at end of period)							
Investments	$ 3,424,810	$ 2,791,713	$ 2,819,489	$ 2,510,182	$ 2,337,472	$ 1,705,267	$ 1,579,790
Cash and cash equivalents	614,555	497,653	268,414	395,857	433,379	491,709	214,398
Total assets	5,973,378	5,262,282	5,074,091	4,782,664	4,494,716	3,848,300	3,542,307
Notes payable	7,802	36,946	22,390	54,259	107,874	176,116	148,858
Reserve for claim losses	984,290	977,926	980,746	932,439	887,973	881,053	907,292
Minority interests	4,643	3,448	3,951	2,488	1,098	239	204
Equity	3,044,615	2,531,127	2,676,756	2,469,186	2,234,484	1,741,387	1,593,509
Other non-financial data: (unaudited) (in whole numbers)							
Direct operations orders opened(1)	1,577,164	1,689,219	3,142,945	3,771,393	2,953,797	2,496,597	1,267,407
Direct operations orders closed(1)	1,048,931	1,165,864	2,249,792	2,916,201	2,141,680	1,685,147	911,349
Fee per closed file(1)	$ 1,447	$ 1,257	$ 1,324	$ 1,081	$ 1,099	$ 1,120	$ 1,387

(1)

These measures are used by management to judge productivity and are a measure of transaction volume for our direct title businesses. An order is opened when we receive a customer order and is closed when the related real estate transaction closes, which typically takes 45-60 days from the opening of an order.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the combined financial statements and the notes thereto and selected historical financial information included elsewhere in this prospectus. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Our actual results may differ materially from these expectations due to changes in global, political, economic, business, competitive and market factors, many of which are beyond our control. See Forward-Looking Statements.

Overview

We are the largest title insurance company in the United States. Our title insurance underwriters Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title together issued approximately 30.5% of all title insurance policies issued nationally during 2004, as measured by premiums. Our title business consists of providing title insurance and escrow and other title-related products and services arising from the real estate closing process. Our operations are conducted on a direct basis through our own employees who act as title and escrow agents and through independent agents. In addition to our independent agents, our customers are lenders, mortgage brokers, attorneys, real estate agents, home builders and commercial real estate developers. We do not focus our marketing efforts on the homeowner.

Our Historical Financial Information

We were incorporated in Delaware on May 24, 2005 in connection with a restructuring of our title insurance operations. Prior to the distribution FNF will contribute to us the subsidiaries relating to our business and operations as described in this prospectus.

Our historical financial statements include assets, liabilities, revenues and expenses directly attributable to our operations. Our historical financial statements reflect allocations of certain of our corporate expenses to FNF and FIS. These expenses have been allocated to FNF and FIS on a basis that management considers to reflect most fairly or reasonably the utilization of the services provided to or the benefit obtained by those businesses. These expense allocations to FNF and FIS reflect an allocation to us of a portion of the compensation of certain senior officers and other personnel of FNF who will not be our employees after the distribution but who historically provided services to us. Our historical financial statements do not reflect the debt or interest expense we might have incurred if we had been a stand-alone entity. In addition, we will incur other expenses, not reflected in our historical financial statements, as a result of being a separate publicly traded company. As a result, our historical financial statements do not necessarily reflect what our financial position or results of operations would have been if we had been operated as a stand-alone public entity during the periods covered, and may not be indicative of our future results of operations or financial position.

FIS was established as a separate subsidiary of FNF in connection with a restructuring that was effective as of November 1, 2004 and prior to that time, FIS s businesses were either subsidiaries of FNF, or were operated as divisions of certain companies that will be our subsidiaries. Historical references to FIS in this prospectus include assets, liabilities, revenues and expenses directly attributable to FIS s operations, including where those operations were conducted as a division of one of our subsidiaries.

Related Party Transactions

Our historical financial statements reflect transactions with other businesses and operations of FNF not being transferred to us, including those being conducted with FIS.

A detail of related party items included in revenues is as follows:

	2004	2003	2002
		(In millions)	
Agency title premiums earned	$ 106.3	$ 284.9	$ 53.0
Rental income earned	8.4	7.3	6.7
Interest revenue	1.0	0.7	0.5
Total revenue	$ 115.7	$ 292.9	$ 60.2

A detail of related party items included in operating expenses is as follows:

Agency title commissions	$ 93.6	$ 250.7	$ 46.7
Data processing costs	56.6	12.4	
Data processing costs allocated		(5.4)	(5.8)
Corporate services allocated	(84.5)	(48.7)	(28.6)
Title insurance information expense	28.6	28.2	24.3
Other real-estate related information	$ 9.9	$ 11.4	$ 3.7
Software expense	5.8	2.6	1.3
Rental expense	2.8	0.5	
Total expenses	$ 112.8	$ 251.7	$ 41.6
Total pretax impact of related party activity	$ 2.9	$ 41.2	$ 18.6

Included as a reduction of our expenses for all periods are amounts allocated to FNF and FIS relating to the provision by us of corporate services to FNF and to FIS and its subsidiaries. These corporate services include accounting, internal audit and treasury, payroll, human resources, tax, legal, purchasing, risk management, mergers and acquisitions and general management. For the years ended December 31, 2004, 2003 and 2002, our expenses were reduced by $9.4 million, $9.2 million and $7.0 million, respectively, related to the provision of these corporate services by us to FNF and its subsidiaries other than FIS and its subsidiaries. For the years ended December 31, 2004, 2003 and 2002, our expenses were reduced by $75.1 million, $39.5 million and $21.6 million, respectively, related to the provision of corporate services by us to FIS and its subsidiaries.

We also do business with the lender outsourcing solutions segment of FIS, which includes title agency functions whereby an FIS subsidiary acts as the title agent in the issuance of title insurance policies by a title insurance underwriter owned by us and in connection with certain trustee sales guarantees, a form of title insurance issued as part of the foreclosure process. As a result, our title insurance subsidiaries pay commissions on title insurance policies sold through FIS. For 2004, 2003, and 2002, these FIS operations generated $106.3 million, $284.9 million and $53.0 million of revenues for us, which we reflect as agency title premium. We paid FIS commissions at the rate of 88% of premiums generated, equal to $93.6 million, $250.7 million and $46.7 million for 2004, 2003 and 2002 respectively.

We also historically have leased equipment to a subsidiary of FIS. Revenue relating to these leases was $8.4 million, $7.3 million and $6.7 million in 2004, 2003 and 2002, respectively. The title plant assets of several of our title insurance subsidiaries are managed or maintained by a subsidiary of FIS. The underlying title plant information and software continues to be owned by each of our title insurance underwriters, but FIS manages and updates the information in return for either (i) a cash management fee or (ii) the right to sell that information to title insurers, including title insurance underwriters that we own and other third party customers. In most cases, FIS is responsible for keeping the title plant assets current and fully functioning, for which we pay a fee to FIS based on our use of, or access to, the title plant. For 2004, 2003 and 2002, our expenses to FIS under these arrangements were $28.9 million, $28.2 million and $24.3 million, respectively. In addition, since November 2004, each applicable title insurance underwriter in turn receives a royalty on sales of access to its title plant assets. For the year ended December 31, 2004, the revenues from these title plant royalties were $0.3 million. Prior to 2004, there was no royalty agreement in place, but if it had been, we would have earned approximately $2.9 million and $2.7 million in additional revenue from FIS for 2003 and 2002, respectively. In addition, we have entered into agreements with FIS that permit FIS and certain of its subsidiaries to access and use (but not to re-sell) the starters databases and back plant databases of our title insurance subsidiaries. Starters databases are our databases of previously issued title policies and back plant databases contain historical records relating to title that are not regularly updated. Each of our applicable title insurance subsidiaries receives a fee for any access to or use of its starters and back plant databases by FIS. We also do business with additional entities within the information services segment of FIS that provide real estate information to our operations. We recorded expenses of $9.9 million, $11.4 million and $3.7 million in 2004, 2003 and 2002, respectively.

Included in our expenses for 2004 and 2003 are amounts paid to a subsidiary of FIS for the provision by FIS to us of IT infrastructure support, data center management and related IT support services. For 2004 and 2003, the amounts included in our expenses to FIS for these services were $56.6 million and $12.4 million respectively. Prior to September 2003, we performed these services ourselves and provided them to FIS. During 2003 and 2002, we received payments from FIS of $5.4 million and $5.8 million relating to these services that offset our other operating expenses. In addition, we incurred software expenses relating to an agreement with a subsidiary of FIS that amounted to $5.8 million, $2.6 million and $1.3 million in 2004, 2003 and 2002, respectively.

Our financial statements for 2004 and 2003 reflect allocations for a lease of office space to us for our corporate headquarters and business operations.

We believe the amounts earned by us or charged to us under each of the foregoing arrangements are fair and reasonable. Although the commission rate paid on the title insurance premiums written by the FIS title agencies was set without negotiation, we believe it is consistent with the average rate that would be available to a third party title agent given the amount and the geographic distribution of the business produced and the low risk of loss profile of the business placed. In connection with the title plant management and maintenance services provided by FIS, we believe that the fees charged to us by FIS are at approximately the same rates that FIS and other similar vendors charge unaffiliated title insurers. The IT infrastructure support and data center management services provided to us by FIS are priced within the range of prices that FIS offers to its unaffiliated third party customers for the same types of services. However, the amounts we earned or were charged under these arrangements were not negotiated at arm s length, and may not represent the terms that we might have obtained from an unrelated third party.

Amounts due from FNF to us as of December 31, 2004 and December 31, 2003 were as follows:

	As of December 31,	
	2004	**2003**
	(In millions)	
Notes receivable from FNF	$ 22.8	$ 26.6
Taxes due from FNF	63.6	44.1

We have notes receivable from FNF relating to loans by our title underwriters to FNF. These notes amounted to $22.8 million and $26.6 million at December 31, 2004 and 2003, respectively. As of December 31, 2004, these notes bear interest at 2.66%. We earned interest revenue of $1.0 million, $0.7 million and $0.5 million relating to these notes during 2004, 2003 and 2002, respectively.

We are included in FNF s consolidated tax returns and thus any income tax liability or receivable is due to/from FNF. As of December 31, 2004 and 2003, we have recorded a receivable from FNF relating to overpayment of taxes of $63.6 million and $44.1 million, respectively.

Certain of the foregoing related party arrangements are set forth in agreements between us and FNF or FIS that will remain in effect for specified periods following the distribution. For a description of these agreements, see Certain Relationships and Related Transactions Historical Related-Party Transactions. Other items described above in respect of which amounts have been allocated to or by us will be the subject of agreements to be entered into by us with related parties at or prior to the time of the distribution. These new agreements and certain other agreements we will enter into at the time of the distribution are described in Our Arrangements with FNF.

Prior to the distribution we intend to issue two $250 million intercompany notes payable to FNF, with terms that mirror FNF s existing $250 million 7.30% public debentures due in August 2011 and $250 million 5.25% public debentures due in March 2013. Proceeds from the issuance of the 2011 public debentures were used by FNF to repay debt incurred in connection with the acquisition of our subsidiary, Chicago Title, and the proceeds from the 2013 public debentures were used for general corporate purposes. Following the issuance of the intercompany notes, we may make an exchange offer in which we would offer to exchange the outstanding FNF notes for notes we would issue having substantially the same terms and deliver the FNF notes received to FNF to reduce the debt under the intercompany notes. Our capital structure is subject to conditions at the time of the distribution and finalizing our discussions with rating agencies and may be modified prior to the distribution. See Liquidity and Capital Resources.

Recent Developments

Our Recent Acquisitions

On March 22, 2004, we acquired American Pioneer Title Insurance Company (APTIC) for $115.2 million in cash. APTIC is a title insurance underwriter licensed in 45 states with significant agency operations and computerized title plant assets in the state of Florida. APTIC now operates under our Ticor Title brand.

On July 29, 2005, the Company acquired Service Link, L.P. (Service Link), a national provider of centralized mortgage and residential real estate title and closing services to major financial institutions and institutional lenders. The acquisition price was approximately $110 million in cash.

Business Trends and Conditions

Title insurance revenue is closely related to the level of real estate activity and the average price of real estate sales. Real estate sales are directly affected by the availability of funds to finance purchases, predominantly mortgage interest rates. Other factors affecting real estate activity include, but are not limited to, demand for housing, employment levels, family income levels and general economic conditions. In addition to real estate sales, mortgage refinancing is an important source of title insurance revenue. We have found that residential real estate activity generally decreases in the following situations:

- when mortgage interest rates are high or increasing;
- when the mortgage funding supply is limited; and
- when the United States economy is weak.

Because commercial real estate transactions tend to be driven more by supply and demand for commercial space and occupancy rates in a particular area rather than by macroeconomic events, our commercial real estate title insurance business can generate revenues which are countercyclical to the industry cycles discussed above.

Because these factors can change dramatically, revenue levels in the title insurance industry can also change dramatically. For example, beginning in the second half of 1999 and through 2000, steady interest rate increases caused by actions taken by the Federal Reserve Board resulted in a significant decline in refinancing transactions. As a result, the market shifted from a refinance-driven market in 1998 to a more traditional market driven by new home purchases and resales in 1999 and 2000. However, beginning in January 2001 and continuing through June of 2003, the Federal Reserve Board reduced interest rates by 550 basis points, bringing interest rates down to their lowest level in recent history, which again significantly increased the volume of refinance activity. Beginning in mid-June 2003 and continuing through most of 2004, the ten-year treasury bond yield increased from a low of nearly 3.0% to more than 4.5%, causing mortgage interest rates to rise, which decreased the volume of refinance activity.

Notwithstanding the increase in interest rates, home prices appreciated strongly in many markets in 2004, benefiting our revenues. Through the second quarter of 2005, refinance activity has continued to decrease, but real estate activity continues at a high rate and the appreciation of home prices remains high. The decreased refinance activity is evidenced by the Mortgage Bankers Association s (MBA) statistics showing that approximately 43.3% of new loan originations in the first six months of 2005 were refinance transactions as compared with approximately 48.8% in the first six months of 2004. In July 2005 the ten-year treasury rate moved above 4.25%, but the MBA s Mortgage Finance Forecast estimates a $2.738 trillion mortgage origination market for 2005, which would be a 6% increase from 2004.

Historically, real estate transactions have produced seasonal revenue levels for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The fourth calendar quarter is typically the strongest in terms of revenue due to commercial customers desiring to complete transactions by year-end. Significant changes in interest rates may alter these traditional seasonal patterns due to the effect the cost of financing has on the volume of real estate transactions.

Critical Accounting Estimates

The accounting estimates described below are those we consider critical in preparing our Combined Financial Statements. Management is required to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures with respect to contingent assets and liabilities at the date of the Combined Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. See Note A of Notes to the Combined Financial Statements for a more detailed description of the significant accounting policies that have been followed in preparing our Combined Financial Statements.

Reserve for Claim Losses. Title companies issue two types of policies since both the buyer and lender in real estate transactions want to know that their interest in the property is insured against certain title defects outlined in the policy. An owner s policy insures the purchaser for as long as he or she owns the property and a lender s policy insures the priority of the lender s security interest over the claims that other parties may have in the property. The maximum amount of liability under a title insurance policy is generally the face amount of the policy plus the cost of defending the insured s title against an adverse claim. While most non-title forms of insurance, including property and casualty, provide for the assumption of risk of loss arising out of unforeseen future events, title insurance serves to protect the policyholder from risk of loss from events that predated the issuance of the policy.

Unlike many other forms of insurance, title insurance requires only a one-time premium for continuous coverage until another policy is warranted due to changes in property circumstances arising from refinance, resale, additional liens, or other events. Unless we issue the subsequent policy, we receive no notice that our exposure under our policy has ended and as a result we are unable to track the actual terminations of our exposures.

Our reserve for claim losses includes reserves for known claims (PLR) as well as for losses that have been incurred but not yet reported to us (IBNR), net of recoupments. Each known claim is reserved for based on our review of the estimated amount of the claim and the costs required to settle the claim. Reserves for claims that are IBNR are estimates that are established at the time the premium revenue is recognized and are based upon historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations, and the types of policies written. We also reserve for losses arising from escrow, closing and disbursement functions, due to fraud or operational error.

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The table below summarizes our reserves for known claims and incurred but not reported claims.

	As of December 31, 2004	%	As of December 31, 2003	%
		(in thousands)		
PLR	$ 223,202	22.8%	$ 207,909	22.3%
IBNR	757,544	77.2%	724,530	77.7%
Total Reserve	$ 980,746	100.0%	$ 932,439	100.0%

Although most claims against title insurance policies are reported relatively soon after the policy has been issued, claims may be reported many years later. By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors.

We continually update loss reserve estimates by utilizing both internal and external resources. Management performs a detailed study of loss reserves based upon the latest available information at the end of each quarter and year. In addition, an independent actuarial consulting firm assists us in analyzing our historic loss experience and developing statistical models to project ultimate loss expectancy. The actuaries prepare a formal analysis of our reserves at December 31 each year. Management examines both the quantitative data provided by the actuaries and qualitative information derived from internal sources such as our legal, claims, and underwriting departments to ultimately arrive at our best reserve estimate. Regardless of technique, all methods involve significant judgment and assumptions. Management strives to improve its loss reserve estimation process by enhancing its ability to analyze loss development patterns and we continually look for ways to identify new trends to reduce the uncertainty of our loss exposure. However, adjustments may be required as experience develops unexpectedly, new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis.

Predicting ultimate loss exposure is predicated on evaluating past experience and adjusting for changes in current development and trends. The external actuaries incorporate two primary statistical models, both of which examine past loss experience on a paid and incurred basis. The loss development method forecasts ultimate losses for each policy year based on historic emergence patterns of the Company. Older policy year experience is applied to newer policy years to project future development. When new trends surface, the loss development factors are adjusted to incorporate the more recent development phenomena. Changes in homeownership patterns, increased property turnover rates, and a boom in refinance transactions all are examples of current events that reduce the tail exposure of the loss pattern and warrant these adjustments.

The second technique combines the loss development approach with expected loss ratios. These ratios are derived from an econometric model of the title insurance industry incorporating various economic variables including interest rates as well as industry related developments such as title plant automation and defalcations, which are misappropriations of funds from escrow accounts, to arrive at an expected loss ratio for each policy year. The product of the loss ratio and written premium equals the exposure base for each policy year. The same loss development factors calculated in the first method are used to determine the portion of ultimate losses already reported in order to arrive at the incurred but not yet reported losses. More weight is placed on this second method since it not only incorporates our own loss experience but also factors other macroeconomic circumstances that closely correlate the title industry into its projections.

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The table below presents our loss development experience for the past three years. As can be seen in the table, the variability in loss estimates over the past three years has ranged from favorable development in an amount equal to 0.9% of title premiums to adverse development of 0.2% of title premiums with the average being favorable development of 0.3% over the three year period. Assuming that variability of potential reserve estimates is + or - 0.3%, the effect on pretax earnings would be as presented in the last line of the table.

	2004	2003	2002
		(in thousands)	
Beginning Balance	$ 932,439	$ 887,973	$ 881,053
Reserve Assumed	38,597	4,203	
Claims Loss provision:			
Current year	275,406	237,919	207,290
Prior year	(16,004)	10,915	(31,337)
Total provision	259,402	248,834	175,953
Claims paid, net of recoupment			
Current year	(19,095)	(11,591)	(10,058)
Prior year	(230,597)	(196,980)	(158,975)
Total paids, net of recoupments	(249,692)	(208,571)	(169,033)
Ending Balance	$ 980,746	$ 932,439	$ 887,973
Title Premiums	$ 4,718,217	$ 4,700,750	$ 3,547,727
Provision for claim losses as a percentage of title insurance premiums:			
Current Year	5.8%	5.1%	5.8%
Prior Years	(0.3)%	0.2%	(0.9)%
Total Provision	5.5%	5.3%	5.0%
Sensitivity Analysis (.30% Loss Ratio Change)[1] :			
Ultimate Reserve Estimate +/-	$ 14,155	$ 14,102	$ 10,643

[1] 0.3% has been selected as an example; actual variability could be greater or less.

Our analysis of our reserves as of December 31, 2004 demonstrates management s continued efforts to improve its loss reserve estimate. For the first time, a separate analysis of mega claims (defined as claims with incurred amounts greater than $500,000) was performed. Prior to this analysis these large claims have influenced the loss development factors used in both actuarial methods by creating a multiplicative effect for newer policy years loss projections. The mega claims are handled by specific attorneys and may have different emergence patterns that must be projected in isolation from the other claims.

In addition, adjustments were made to reflect the reduced tail exposure of fairly recent policy years due to unprecedented refinancing activity and property turnover rates. Our hypothesis supported by recent data is that a lower percentage of policies from prior years remain in force due to the substantial turnover in property mortgages. Furthermore, it is our belief that refinance transactions develop differently than resale transactions in that there appears to be an acceleration of claim activity as claims are reported more quickly. As a result, we have incorporated the effect of these assumptions on our loss projections.

Valuation of Investments. We regularly review our investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include: (i) our ability and intent to retain the investment for a period of time sufficient to allow for a recovery in value; (ii) the duration and extent to which the fair value has been less than cost; and (iii) the financial condition and prospects of the issuer. Such reviews are inherently uncertain and the value of the investment may not fully recover or may decline in future periods resulting in a realized loss. Investments are selected for analysis whenever an unrealized loss is greater than a certain threshold that we determine based on the size of our portfolio. Fixed maturity investments that have unrealized losses caused by interest rate movements are not at risk as we have the ability and intent to hold them to maturity. Unrealized losses on investments in equity securities and fixed maturity instruments that are susceptible to credit related declines are evaluated based on the aforementioned factors. Currently available market data is considered and estimates are made as to the duration and prospects for recovery, and the ability to retain the investment until such recovery takes place. These estimates are revisited quarterly and any material degradation in the prospect for recovery will be considered in the other than temporary impairment analysis. We believe that continuous monitoring and analysis has allowed for the proper recognition of other than temporary impairments over the past three year period. Any change in estimate in this area will have an impact on the results of operations of the period in which a charge is taken. During 2004, 2003 and 2002, we recorded other than temporary impairments totaling $6.6 million, $0.0 million and $30.4 million, respectively.

Goodwill. We have made acquisitions in the past that have resulted in a significant amount of goodwill. As of December 31, 2004 and December 31, 2003, goodwill was $959.6 million and $920.3 million, respectively. The majority of our goodwill as of December 31, 2004 and 2003 relates to our Chicago Title acquisition. The process of determining whether or not an asset, such as goodwill, is impaired or recoverable relies on projections of future cash flows, operating results and market conditions. While we believe that our estimates of future cash flows are reasonable, these estimates are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ from what is assumed in these impairment tests. In evaluating the recoverability of goodwill, we perform an annual goodwill impairment test based on an analysis of the discounted future cash flows generated by the underlying assets. We have completed our annual goodwill impairment tests in each of the past three years and have determined that we have a fair value in excess of our carrying value. Such analyses are particularly sensitive to changes in estimates of future cash flows and discount rates. Changes to these estimates might result in material changes in fair value and determination of the recoverability of goodwill which may result in charges against earnings and a reduction in the carrying value of our goodwill.

Long-Lived Assets. We review long-lived assets, primarily computer software, property and equipment and other intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If indicators of impairment are present, we estimate the future net cash flows expected to be generated from the use of those assets and their eventual disposal. We would recognize an impairment loss if the aggregate future net cash flows were less than the carrying amount. We have not recorded any material impairment charges in the past three years. As a result, the carrying values of these assets could be significantly affected by the accuracy of our estimates of future net cash flows, which cannot be estimated with certainty, similar to our goodwill analysis.

Revenue Recognition. Our direct title insurance premiums and escrow and other title-related fees are recognized as revenue at the time of closing of the related transaction as the earnings process is then considered complete, whereas premium revenues from agency operations and agency commissions include an accrual based on estimates using historical information of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent. In the second quarter of 2005, we began to compile data that illustrated the correlation of direct and agency premiums. Prior to the end of the quarter we determined that we had gathered sufficient data and concluded that we should enhance our lag accrual methodology to utilize the additional data. Accordingly, we refined our method of estimation for accruing agency title revenues and commissions to take into account trends in direct premiums in addition to the historical information about agency premiums and commissions previously considered. This refinement resulted in our recording approximately $50.0 million in additional agency revenue in the second quarter of 2005 than we would have under our prior method. After related accruals for commissions and other associated expenses, the impact on net earnings of this change was approximately $2.0 million. We are likely to

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continue to have changes to our accrual for agency revenue in the future, but as demonstrated by this second quarter adjustment, the impact on net earnings of changes in these accruals is very small, equal to approximately four percent of the change in revenues.

Comparisons of Six Months ended June 30, 2005 and 2004

Results of Operations

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
	(In thousands)	
Direct title insurance premiums	$ 1,017,396	$ 987,019
Agency title insurance premiums	1,304,200	1,348,430
Total title insurance premiums	2,321,596	2,335,449
Escrow and other title-related fees	543,465	514,019
Interest and investment income	45,430	28,163
Realized gains and losses, net	21,922	17,044
Other income	20,020	21,573
Total revenue	2,952,433	2,916,248
Personnel costs	904,603	838,063
Other operating expenses	451,093	422,113
Agent commissions	1,005,121	1,046,601
Depreciation and amortization	49,389	44,193
Provision for claim losses	150,677	125,010
Interest expense	724	2,256
Total expense	2,561,607	2,478,236
Earnings before income taxes and minority interest	390,826	438,012
Income tax expense	146,637	160,312
Earnings before minority interest	244,189	277,700
Minority interest	1,292	455
Net Earnings	$ 242,897	$ 277,245
Orders opened by direct title operations(1)	1,577,164	1,689,219
Orders closed by direct title operations(1)	1,048,931	1,165,864

(1) These measures are used by management to judge productivity and are a measure of transaction volume for our direct title businesses. An order is opened when we receive a customer order and is closed when the related real estate transaction closes, which typically takes 45-60 days from the opening of an order.

Total revenues for the first six months of 2005 increased $36.2 million to $2,952.4 million as compared to the first six months of 2004. This increase was primarily the result of a change in accounting estimate relating to agency title premiums, increased direct title premiums, escrow and other title-related fees and interest and investment income. During the second quarter of 2005, we re-evaluated our method of estimation for accruing agency title revenues and commissions and refined the method which resulted in our recording approximately $50.0 million in additional agency revenue in the second quarter and six month period than we would have under our prior method. The impact on net earnings of this adjustment was approximately $2.0 million.

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Total title insurance premiums for the six-month periods were as follows:

	Six Months Ended June 30,			
	2005	% of Total	2004	% of Total
	(In thousands)			
Title premiums from direct operations	$ 1,017,396	43.8%	$ 987,019	42.3%
Title premiums from agency operations	1,304,200	56.2%	1,348,430	57.7%
Total	$ 2,321,596	100.0%	$ 2,335,449	100.0%

Title insurance premiums decreased 0.6% to $2,321.6 million in the first six months of 2005 as compared with the first six months of 2004. A decrease of $44.2 million or 3.3% in premiums from agency operations was offset by an increase of $30.4 million or 3.1% in direct premiums. The decrease in agency premiums was offset by approximately $50.0 million in additional agency premiums accrued in the second quarter of 2005 due to the change in estimate for accruing agency revenues noted above. The increased level of direct title premiums is a direct result of an increase in the average fee per file offset by a decline in closed order levels as compared with the prior year. The drop experienced in closed orders reflects a slowing refinance market as evidenced by the MBA statistics showing that approximately 43.3% of new loan originations in the first six months of 2005 were refinance transactions as compared with approximately 48.8% in the first six months of 2004. The increase in fee per file is the result of the decreased levels of refinance-driven activity, which typically have lower fees, in the first six months of 2005 as compared with the same period of the prior year, as well as the appreciation of home prices over the past year. The decrease in agency revenues relates to the fact that the first six months of 2004 benefited from the continued strong refinance volumes of 2003, which were at an all-time high, while in the first six months of 2005 there was a weaker refinance environment. The 2004 period included $74.5 million in revenue from FIS s title agency business, which benefited from refinancings, while the 2005 period only included $42.8 million in revenue from FIS s title agency business.

Trends in escrow and other title-related fees are primarily related to title insurance activity generated by our direct operations. Escrow and other title-related fees during the six-month periods ended June 30, 2005 and 2004 fluctuated in a pattern generally consistent with the fluctuation in direct title insurance premiums and order counts. Escrow and other title-related fees were $543.5 million and $514.0 million for the first six months of 2005 and 2004, respectively.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income in the first six months of 2005 was $45.4 million, compared with $28.2 million in the first six months of 2004, an increase of $17.2 million, or 60.9%. The increase in interest and investment income in the first six months of 2005 is due primarily to an increase in our fixed income asset base during the current year period and the increasing interest rate environment.

Net realized gains for the first six months of 2005 were $21.9 million compared with net realized gains of $17.0 million for the corresponding period of the prior year.

Operating expenses consist primarily of personnel costs and other operating expenses, which are incurred as orders are received and processed, and agent commissions which are incurred as revenue is recognized. Title insurance premiums, escrow and other title-related fees are generally recognized as income at the time the underlying transaction closes. As a result, direct operations revenue lags approximately 45-60 days behind expenses and therefore gross margins may fluctuate. The changes in the market environment and mix of business between direct and agency operations have impacted margins and net earnings. We have implemented programs and have taken necessary actions to maintain expense levels consistent with revenue streams. However, a short time lag does exist in reducing short-run fixed costs and certain long-run fixed costs are incurred regardless of revenue levels.

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Personnel costs include base salaries, commissions, benefits and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs totaled $904.6 million and $838.1 million for the six months ended June 30, 2005 and 2004, respectively. Personnel costs, as a percentage of total direct title premiums and escrow and other title-related fees, were 58.0% in the first six months of 2005, and 55.8% for the first six months of 2004. The increase of $66.5 million or 7.9% in personnel costs primarily relates to an increase in revenues from direct operations of 3.9% and higher costs incurred in 2005 due to the competitive environment.

Other operating expenses consist primarily of facilities expenses, title plant-related charges, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), postage and courier services, computer services, professional services, advertising expenses, general insurance and trade receivable allowances. Other operating expenses totaled $451.1 million and $422.1 million for the six months ended June 30, 2005 and 2004, respectively. The increase of $29.0 million or 6.8% primarily relates to the increase in revenues from direct operations.

Agent commissions represent the portion of premiums retained by agents pursuant to the terms of their respective agency contracts. Agent commissions and the resulting percentage of agent premiums we retain vary according to regional differences in real estate closing practices and state regulations.

The following table illustrates the relationship of agent premiums and agent commissions:

	Six Months Ended June 30,			
	2005		2004	
	Amount	%	Amount	%
	(In thousands)			
Agent title premiums	$ 1,304,200	100.0%	$ 1,348,430	100.0%
Agent commissions	1,005,121	77.1%	1,046,601	77.6%
Net margin	$ 299,079	22.9%	$ 301,829	22.4%

Net margin from agency title insurance premiums increased as a percentage of total agency premiums due to our writing a higher percentage of policies in states where we pay lower commission rates.

The provision for claim losses includes an estimate of anticipated title and title-related claims, and escrow losses. The estimate of anticipated title and title-related claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. We monitor our claims loss experience on a continual basis and adjust the provision for claim losses accordingly. The claim loss provision for title insurance was $150.7 million in the first six months of 2005 as compared to $125.0 million in the first six months of 2004. Our claim loss provision as a percentage of total title premiums was 6.5% and 5.4% in the first six months of 2005 and 2004, respectively. The increase is attributable to higher than expected payment levels, especially for individually significant claims, and a return to a more normalized environment with the volume of resale transactions exceeding the refinance transactions.

Interest expense was $0.7 million and $2.3 million in the first six months of 2005 and 2004, respectively.

Income tax expense as a percentage of earnings before income taxes was 37.5% for the first six months of 2005 and 36.6% for the first six months of 2004. Income tax expense as a percentage of earnings before income taxes changes due to the characteristics of pre-tax earnings, such as the percentage of earnings from operating income, investment income and state tax apportionment, year to year.

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Comparisons of Years ended December 31, 2004, 2003 and 2002

Results of Operations

The following table presents certain financial data for the years indicated:

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
Direct title insurance premiums	$ 2,003,447	$ 2,105,317	$ 1,557,769
Agency title insurance premiums	2,714,770	2,595,433	1,989,958
Total title premiums	4,718,217	4,700,750	3,547,727
Escrow and other title-related fees	1,039,835	1,058,729	790,787
Interest and investment income	64,885	56,708	72,305
Realized gains and losses, net	22,948	101,839	584
Other income	43,528	52,689	55,927
	5,889,413	5,970,715	4,467,330
Personnel costs	1,680,805	1,692,895	1,260,070
Other operating expenses	849,554	817,597	633,193
Agent commissions	2,117,122	2,035,810	1,567,112
Depreciation and amortization	95,718	79,077	53,042
Provision for claim losses	259,402	248,834	175,963
Interest expense	3,885	4,582	8,586
	5,006,486	4,878,795	3,697,966
Earnings before income taxes and minority interest	882,927	1,091,920	769,364
Income tax expense	323,598	407,736	276,970
Earnings before minority interest	559,329	684,184	492,394
Minority interest	1,165	859	624
Net earnings	$ 558,164	$ 683,325	$ 491,770
Orders opened by direct title operations	3,142,945	3,771,393	2,953,797
Orders closed by direct title operations	2,249,792	2,916,201	2,141,680

Total revenue in 2004 decreased $81.3 million to $5,889.4 million, a decrease of 1.4% compared to 2003. Total revenue in 2003 increased $1,503.4 million, or 33.7% to $5,970.7 million from $4,467.3 million in 2002. Although the mix of direct and agency title premiums changed from 2003 to 2004, total title premiums and escrow and other title-related fees remained fairly consistent in 2004 as compared with 2003. The increase in total revenue in 2003 is due in part to increases in real estate and refinance activity as a result of decreasing interest rates. Further, increased realized gains on investments also contributed to increased revenue in 2003 compared to 2002.

Title insurance premiums were $4,718.2 million in 2004, $4,700.8 million in 2003 and $3,547.7 million in 2002. Direct title premiums decreased from 2003 to 2004 while agency title premiums increased during the same period. The decrease in direct title premiums is primarily due to a reduction in refinancing activity experienced in 2004 as compared with 2003 and was partially offset by an increase in the average fee per file. The average fee per file in our direct operations was $1,324, $1,081 and $1,099 in 2004, 2003 and 2002, respectively. The increase in direct title premiums in 2003 was due primarily to increases in resale and refinance activity as a result of the decline in interest rates through mid-year 2003. The increase in resale and refinance activity in 2003 was partially offset by a decrease in the average fee per file. The increase in the fee per file in 2004 and the decrease in fee per file in 2003 is consistent with the overall level of refinance activity experienced during 2004 and 2003. The fee per file tends to increase as mortgage

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interest rates rise, and the mix of business changes from a predominately refinance-driven market to more of a resale-driven market.

The following table presents the percentages of title insurance premiums generated by our direct and agency operations:

	Year Ended December 31,					
	2004		2003		2002	
	Amount	%	Amount	%	Amount	%
			(In thousands)			
Direct	$ 2,003,447	42.5%	$ 2,105,317	44.8%	$ 1,557,769	43.9%
Agency	2,714,770	57.5	2,595,433	55.2	1,989,958	56.1
Total title insurance premiums	$ 4,718,217	100.0%	$ 4,700,750	100.0%	$ 3,547,727	100.0%

In 2004, our mix of direct and agency title premiums changed, with agency premiums increasing to 57.5% of total premiums compared with 55.2% in 2003. Agency premiums increased in 2004 by $119.3 million, which was primarily attributed to an increase in agency premiums of $193.5 million due to our acquisition of APTIC in March 2004 that was offset by a decrease in the amount of agency revenue provided by FIS s title agency operations. Agency business in general is not as profitable as direct business. Our mix of direct and agency title insurance premiums changed in 2003 as compared with 2002, primarily as a result of our acquisition of ANFI, Inc. (ANFI) in March 2003, and the inclusion of ANFI s title insurance premiums as direct title insurance premiums in 2003. In 2002, ANFI s title insurance premiums were included in agency title insurance premiums. Agency revenues from FIS title agency businesses were $106.3 million, $284.9 million and $53.0 million in 2004, 2003 and 2002, respectively.

Trends in escrow and other title-related fees are primarily related to title insurance activity generated by our direct operations. Escrow and other title-related fees during the three-year period ended December 31, 2004, fluctuated in a pattern generally consistent with the fluctuation in direct title insurance premiums and order counts. Escrow and other title-related fees were $1,039.8 million, $1,058.7 million and $790.8 million, respectively, during 2004, 2003 and 2002.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income in 2004 was $64.9 million compared with $56.7 million in 2003 and $72.3 million in 2002. Average invested assets in 2004 increased 14.8% to $3,226.2 million, from $2,811.5 million in 2003. The tax equivalent yield in 2004, excluding realized gains and losses, was 2.7% as compared with 2.5% in 2003 and 3.3% in 2002. Interest and investment income decreased $15.6 million, or 21.6% in 2003 to $56.7 million from $72.3 million in 2002.

Net realized gains and losses for 2004, 2003 and 2002 were $22.9 million, $101.8 million and $0.6 million, respectively. Net realized gains in 2003 includes a $51.7 million realized gain as a result of IAC InterActive Corp. s acquisition of Lending Tree Inc. and the subsequent sale of our IAC Interactive Corp. common stock and a realized gain of $21.8 million on the sale of New Century Financial Corporation common stock.

Net realized gains in 2002 included a $0.1 million gain recognized on our investment in Santa Barbara Restaurant Group, Inc. (SBRG) common stock as a result of the merger between SBRG and CKE Restaurants, Inc. (CKE) and a $2.6 million loss on the sale of a portion of our CKE common stock in the second quarter of 2002. Net realized gains in 2002 were partially offset by other-than-temporary impairment losses of $5.1 million on CKE recorded during the fourth quarter of 2002 and $3.3 million recorded on MCI WorldCom bonds in the second quarter of 2002.

Other income represents revenue generated by other smaller real-estate related businesses that are not directly title-related. Other income was $43.5 million in 2004, $52.7 million in 2003 and $55.9 million in 2002.

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Our operating expenses consist primarily of personnel costs and other operating expenses, which are incurred as orders are received and processed and agent commissions which are incurred as revenue is recognized. Title insurance premiums, escrow and other title-related fees are generally recognized as income at the time the underlying transaction closes. As a result, direct operations revenue lags approximately 45-60 days behind expenses and therefore gross margins may fluctuate. The changes in the market environment, mix of business between direct and agency operations and the contributions from our various business units have impacted margins and net earnings. We have implemented programs and have taken necessary actions to maintain expense levels consistent with revenue streams. However, a short time lag does exist in reducing variable costs and certain fixed costs are incurred regardless of revenue levels. We have taken significant measures to maintain appropriate personnel levels and costs relative to the volume and mix of business while maintaining customer service standards and quality controls. As such, with the decline in open orders on refinance transactions resulting from the increase in mortgage interest rates during the second half of 2003, we began reducing personnel costs with the reduction of approximately 22% of the title and escrow workforce from July to December of 2003 and maintained personnel at appropriate levels during 2004. We will continue to monitor prevailing market conditions and will adjust personnel costs in accordance with activity.

Personnel costs include base salaries, commissions, benefits and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs totaled $1,680.8 million, $1,692.9 million and $1,260.1 million for the years ended December 31, 2004, 2003 and 2002, respectively. Personnel costs, as a percentage of direct title insurance premiums and escrow and other title-related fees, were 55.2% in 2004, compared with 53.5% in 2003 and 53.7% 2002. The increase in personnel costs as a percentage of total revenue in 2004 is attributable to the lag in reducing personnel to the appropriate level based on activity. In addition, as a result of adopting SFAS No. 123 during 2003, included in personnel costs for 2004 and 2003 is approximately $5.4 million and $4.9 million in stock compensation expense, respectively.

Other operating expenses consist primarily of facilities expenses, title plant-related changes, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), postage and courier services, computer services, professional services, advertising expenses, general insurance, and trade and notes receivable allowances. Other operating expenses totaled $849.6 million, $817.6 million and $633.2 million for the years ended December 31, 2004, 2003 and 2002, respectively. Other operating expenses increased as a percentage of direct title insurance premiums and escrow and other title-related fees to 27.9% in 2004 from 25.8% in 2003, which decreased from 27.0% in 2002. The increase in other operating expenses as a percentage of total direct title premiums and escrow and other fees in 2004 is consistent with the increase in personnel costs as a percentage of total direct title premiums and escrow and other fees.

Agent commissions represent the portion of premiums retained by agents pursuant to the terms of their respective agency contracts. Agent commissions and the resulting percentage of agent premiums we retain vary according to regional differences in real estate closing practices and state regulations.

The following table illustrates the relationship of agent title premiums and agent commissions:

	Year Ended December 31,					
	2004		2003		2002	
	Amount	%	Amount	%	Amount	%
	(In thousands)					
Agent title premiums	$ 2,714,770	100.0%	$ 2,595,433	100.0%	$ 1,989,958	100.0%
Agent commissions	2,117,122	78.0	2,035,810	78.4	1,567,112	78.8
Net margin	$ 597,648	22.0%	$ 559,623	21.6%	$ 422,846	21.2%

The provision for claim losses includes an estimate of anticipated title and title-related claims. The estimate of anticipated title and title-related claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. We monitor our claims loss experience on a continual basis and adjust the provision for claim losses accordingly.

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A summary of the reserve for claim losses is as follows:

	Year Ended December 31,		
	2004	2003	2002
	(Dollars in thousands)		
Beginning balance	$ 932,439	$ 887,973	$ 881,053
Reserves assumed(1)	38,597	4,203	
Claim loss provision related to:			
Current year	275,982	237,919	207,290
Prior years	(16,580)	10,915	(31,327)
Total claim loss provision	259,402	248,834	175,963
Claims paid, net of recoupments related to:			
Current year	(19,095)	(11,591)	(10,058)
Prior years	(230,597)	(196,980)	(158,985)
Total claims paid, net of recoupments	(249,692)	(208,571)	(169,043)
Ending balance	$ 980,746	$ 932,439	$ 887,973
Provision for claim losses as a percentage of title insurance premiums only	5.5%	5.3%	5.0%

(1) We assumed APTIC s outstanding reserve for claim losses in connection with its acquisition in 2004. We assumed ANFI s outstanding reserve for claim losses in connection with its acquisition in 2003.

The title loss provision in 2004 reflects a higher estimated loss for the 2004 policy year offset in part by a favorable adjustment from previous policy years. The unfavorable development during 2003 reflects higher than expected payment levels on previously issued policies.

Interest expense for the years ended December 31, 2004, 2003 and 2002 was $3.9 million, $4.6 million and $8.6 million, respectively.

Income tax expense as a percentage of earnings before income taxes for 2004, 2003 and 2002 was 36.6%, 37.3%, and 36.0%, respectively. The fluctuation in income tax expense as a percentage of earnings before income taxes is attributable to our estimate of ultimate income tax liability, and changes in the characteristics of net earnings year to year, such as underwriting income versus investment income. The increase in 2003 as compared with 2002 is primarily due to an increase in state income tax rates.

Selected Quarterly Financial Data

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
	(In thousands)			
2004				
Revenue	$ 1,314,932	$ 1,601,316	$ 1,558,382	$ 1,414,783

Earnings before income taxes and minority interest	171,740	266,272	219,478	225,437
Net earnings	108,958	168,288	138,645	142,274
2003				
Revenue	$ 1,219,346	$ 1,518,656	$ 1,713,943	$ 1,518,770
Earnings before income taxes and minority interest	198,943	317,259	341,591	234,125
Net earnings	124,338	198,201	213,739	147,046

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Liquidity and Capital Resources

Cash Requirements

Our cash requirements include operating expenses, taxes, capital expenditures, business acquisitions and dividends on our common stock. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, through cash dividends from subsidiaries, cash generated by investment securities and borrowings and existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the daily needs of all of our subsidiaries and periodically review their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying these projections.

Our insurance subsidiaries generate cash from premiums earned and their respective investment portfolios and these funds are adequate to satisfy the payments of claims and other liabilities. Due to the magnitude of our investment portfolio in relation to our claim loss reserves, we do not specifically match durations of our investments to the cash outflows required to pay claims, but do manage outflows on a shorter time frame.

Our two significant sources of internally generated funds are dividends and other payments from our subsidiaries. As a holding company, we will receive cash from our subsidiaries in the form of dividends and as reimbursement for operating and other administrative expenses we incur. The reimbursements will be paid within the guidelines of management agreements to be entered among us and our subsidiaries. Our insurance subsidiaries are restricted by state regulation in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which our title underwriters can pay dividends or make other distributions to us. As of December 31, 2004, \$1,731.3 million of our net assets were restricted from dividend payments without prior approval from the relevant departments of insurance. During the remainder of 2005, our first tier title subsidiaries can pay or make distributions to us of approximately \$89.1 million without prior regulatory approval. Our underwritten title companies collect revenue and pay operating expenses. However, they are not regulated to the same extent as our insurance subsidiaries.

In July 2005 one of our insurance subsidiaries paid a cash dividend to FNF in the amount of \$145 million. In August 2005 one of our subsidiaries paid a dividend to FNF in the form of a promissory note having a principal amount of \$150 million.

Capital Expenditures

Our capital expenditures relate primarily to fixed assets and were \$70.6 million, \$80.4 million and \$64.1 million in 2004, 2003 and 2002, respectively. We do not expect future capital expenditures to increase significantly.

Financing

Prior to the distribution we intend to issue two \$250 million intercompany notes payable to FNF, with terms that mirror FNF s existing \$250 million 7.30% public debentures due in August 2011 and \$250 million 5.25% public debentures due in March 2013. Proceeds from the issuance of the 2011 public debentures were used by FNF to repay debt incurred in connection with the acquisition of our subsidiary, Chicago Title, and the proceeds from the 2013 public debentures were used for general corporate purposes. Following issuance of the intercompany notes, we may make an exchange offer in which we would offer to exchange the outstanding FNF notes for notes we would issue having substantially the same terms and deliver the FNF notes received to FNF to reduce the debt under the intercompany notes. We also plan to enter into a credit agreement in the amount of between \$200 million and \$300 million. We currently anticipate that prior to the distribution we would borrow \$150 million under this facility and pay it to FNF in satisfaction of a \$150 million intercompany note issued by one of our subsidiaries to FNF in August 2005. Our capital structure is subject to conditions at the time of the distribution and finalizing our discussions with rating agencies and may be modified prior to the distribution.

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Contractual Obligations

Our long-term contractual obligations generally include our long-term debt and operating lease payments on certain of our property and equipment. As of December 31, 2004, our required payments relating to our long-term contractual obligations are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
				(In thousands)			
Notes payable	$ 22,390	$	$	$	$	$	$ 22,390
Operating lease payments	109,380	94,805	75,338	51,216	28,933	19,699	379,371
Reserve for claim losses	181,617	147,037	115,761	86,806	63,108	386,417	980,746
Pension and postretirement obligations	12,309	12,287	12,575	12,811	12,777	108,936	171,695
Total	$ 325,696	$ 254,129	$ 203,674	$ 150,833	$ 104,818	$ 515,052	$ 1,554,202

As of December 31, 2004 we had reserves for claim losses of $980.7 million. The amounts and timing of these obligations are estimated and are not set contractually. Nonetheless, based on historical title insurance claim experience, we anticipate the above payment patterns. While we believe that historical loss payments are a reasonable source for projecting future claim payments, there is significant inherent uncertainty in this payment pattern estimate because of the potential impact of changes in:

- future mortgage interest rates, which will affect the number of real estate and refinancing transactions and, therefore, the rate at which title insurance claims will emerge;

- the legal environment whereby court decisions and reinterpretations of title insurance policy language to broaden coverage could increase total obligations and influence claim payout patterns;

- events such as fraud, defalcation, and multiple property title defects, that can substantially and unexpectedly cause increases in both the amount and timing of estimated title insurance loss payments;

- loss cost trends whereby increases or decreases in inflationary factors (including the value of real estate) will influence the ultimate amount of title insurance loss payments; and

- claims staffing levels whereby claims may be settled at a different rate based on the future staffing levels of the claims department.

Off-Balance Sheet Arrangements

In conducting our operations, we routinely hold customers assets in escrow, pending completion of real estate transactions. Certain of these amounts are maintained in segregated bank accounts and have not been included in the Combined Balance Sheets. As a result of holding these customers assets in escrow, we have ongoing programs for realizing economic benefits during the year through favorable borrowing and vendor arrangements with various banks. There were no investments or loans outstanding as of December 31, 2004 related to these arrangements.

Recent Accounting Pronouncements

In December 2004, the FASB issued FASB Statement No. 123R (SFAS No. 123R), Share-Based Payment, which requires that compensation cost relating to share-based payments be recognized in FNT s financial statements. During 2003, we adopted the fair value recognition provision of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS No. 123), for stock-based employee compensation, effective as of the beginning of 2003. We had elected to use the prospective method of transition, as permitted by Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation Transition and Disclosure (SFAS No. 148). Under this method, stock-based employee compensation cost is recognized from the beginning of 2003 as if the fair value method of accounting had been used to account for all employee awards granted, modified, or settled in years beginning after

December 31, 2002. SFAS No. 123R does not allow for the prospective method, but requires the recording of expense relating to the vesting of all unvested options beginning in the first quarter of 2006. Since we adopted SFAS No. 123 in 2003, the impact of recording additional expense in 2006 under SFAS No. 123R relating to options granted prior to January 1, 2003 is not significant.

Market Risks

Market risk refers to the risk that a change in the level of one or more market factors, such as interest rates or equity prices, will result in losses for financial instruments that we hold or arrangements to which we are a party.

Interest Rate Risk

Our fixed maturity investments and borrowings are subject to interest rate risk. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

Equity Price Risk

The carrying values of investments subject to equity price risks are based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Caution should be used in evaluating our overall market risk from the information below, since actual results could differ materially because the information was developed using estimates and assumptions as described below, and because our reserve for claim losses (representing 41.1% of total liabilities) is not included in the hypothetical effects.

The hypothetical effects of changes in market rates or prices on the fair values of financial instruments would have been as follows as of or for the year ended December 31, 2004:

An approximate $58.1 million net increase (decrease) in the fair value of fixed maturity securities would have occurred if interest rates were 100 basis points (lower) higher as of December 31, 2004. The change in fair values was determined by estimating the present value of future cash flows using various models, primarily duration modeling.

An approximate $23.0 million net increase (decrease) in the fair value of equity securities would have occurred if there was a 20% price increase (decrease) in market prices.

It is not anticipated that there would be a significant change in the fair value of other long-term investments or short-term investments if there was a change in market conditions, based on the nature and duration of the financial instruments involved.

INDUSTRY BACKGROUND

Title Insurance Policies

Generally, real estate buyers and mortgage lenders purchase title insurance to insure good and marketable title to real estate. A brief generalized description of the process of issuing a title insurance policy is as follows:

The customer, typically a real estate salesperson or broker, escrow agent, attorney or lender, places an order for a title policy.

Company personnel note the specifics of the title policy order and place a request with the title company or its agents for a preliminary report or commitment.

After the relevant historical data on the property is compiled, the title officer prepares a preliminary report that documents the current status of title to the property, any exclusions, exceptions and/or limitations that the title company might include in the policy, and specific issues that need to be addressed and resolved by the parties to the transaction before the title policy will be issued.

The preliminary report is circulated to all the parties for satisfaction of any specific issues.

After the specific issues identified in the preliminary report are satisfied, an escrow agent closes the transaction in accordance with the instructions of the parties and the title company s conditions.

Once the transaction is closed and all monies have been released, the title company issues a title insurance policy.

In a real estate transaction financed with a mortgage, virtually all real property mortgage lenders require their borrowers to obtain a title insurance policy at the time a mortgage loan is made. This lender s policy insures the lender against any defect affecting the priority of the mortgage in an amount equal to the outstanding balance of the related mortgage loan. An owner s policy is typically also issued, insuring the buyer against defects in title in an amount equal to the purchase price. On a refinancing transaction, only a lender s policy is generally purchased because ownership of the property has not changed. In the case of an all-cash real estate purchase, no lender s policy is issued but typically an owner s title policy is issued.

Title insurance premiums paid in connection with a title insurance policy are based on (and typically a percentage of) either the amount of the mortgage loan or the purchase price of the property insured. Title insurance premiums are due in full at the closing of the real estate transaction. The lender s policy generally terminates upon the refinancing or resale of the property.

The amount of the insured risk or face amount of insurance under a title insurance policy is generally equal to either the amount of the loan secured by the property or the purchase price of the property (subject to adjustment if the policy includes inflation adjustment provisions). The title insurer is also responsible for the cost of defending the insured title against covered claims. The insurer s actual exposure at any given time, however, generally is less than the total face amount of policies outstanding because the coverage of a lender s policy is reduced and eventually terminated as a result of payment of the mortgage loan. Because of these factors, the total liability of a title underwriter on outstanding policies cannot be precisely determined.

Title insurance companies typically issue title insurance policies directly through branch offices or through title agencies which are subsidiaries of the title insurance company, and indirectly through independent third party agencies unaffiliated with the title insurance company. Where the policy is issued through a branch or wholly-owned subsidiary agency operation, the title company typically performs or directs the search, and the premiums collected are retained by the title company. Where the policy is issued through an independent agent, the agent generally performs the search (in some areas searches are performed by approved attorneys), examines the title, collects the premium and retains a majority of the premium. The remainder of the premium is remitted to the title company as compensation, part of which is for bearing the risk of loss in the event a claim is made under the policy. The percentage of the premium retained by an agent varies from region to region and is sometimes regulated by the states. The title company is obligated to pay title claims in accordance with the terms of its policies, regardless of whether the title company issues policies through its direct operations or through independent agents.

Prior to issuing policies, title insurers and their agents attempt to reduce the risk of future claim losses by accurately performing searches and examinations. A title company s predominant expense relates to such searches and examinations, the preparation of preliminary title reports, policies or commitments and the maintenance of title plants, which are indexed compilations of public records, maps and other relevant historical documents. Claim losses generally result from errors made in the title search and examination process and from hidden defects such as fraud, forgery, incapacity, or missing heirs of the property.

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Residential real estate business results from the construction, sale, resale and refinancing of residential properties, while commercial real estate business results from similar activities with respect to properties with a business or commercial use. Commercial real estate title insurance policies insure title to commercial real property, and generally involve higher coverage amounts and yield higher premiums. The volume of residential real estate transaction volume is primarily affected by macroeconomic and seasonal factors while commercial real estate transactions are affected primarily by fluctuations in local supply and demand conditions for commercial space.

Product Market

The title insurance market in the United States is large and has grown in the last 10 years. According to Demotech, total operating income for the entire U.S. title insurance industry grew from $4.8 billion in 1995 to $15.5 billion in 2004. Growth in the industry is closely tied to various macroeconomic factors, including, but not limited to, growth in the gross national product, inflation, interest rates and sales of and prices for new and existing homes, as well as the refinancing of previously issued mortgages.

Most real estate transactions consummated in the U.S. require the use of title insurance by a lending institution before a transaction can be completed. Generally, revenues from title insurance policies are directly correlated with the value of the property underlying the title policy, and appreciation in the overall value of the real estate market helps drive growth in total industry revenues. Industry revenues are also driven by changes in interest rates, which affect demand for new mortgage loans and refinancing transactions.

The U.S. title insurance industry is concentrated among a handful of industry participants. According to Demotech, the top five title insurance companies accounted for 90.2% of net premiums collected in 2004. Over 40 independent title insurance companies accounted for the remaining 9.8% of net premiums collected in 2004. Over the years, the title insurance industry has been consolidating, beginning with the merger of Lawyers Title Insurance and Commonwealth Land Title Insurance in 1998 to create LandAmerica Financial Group, Inc., followed by FNF s acquisition of Chicago Title in March 2000. Consolidation has created opportunities for increased financial and operating efficiencies for the industry s largest participants and should continue to drive profitability and market share in the industry.

Trends and Opportunities

Title insurance companies today face significant challenges resulting from consolidation among traditional title companies and new entrants, technological innovation and evolving customer preferences and behavior. As a result of these challenges, we believe that the title insurance industry is experiencing or will be subject to the following significant trends:

Title insurance companies remain subject to consolidation within the industry. This creates the potential for an increased customer base and continued economies of scale.

In order to achieve lower costs, title insurance companies may increasingly outsource search and examination functions of the title process.

If mortgage interest rates begin to rise, the volume and average value of real estate related transactions may decline and affect revenue.

BUSINESS

Company Overview

We are the largest title insurance company in the United States. Our title insurance underwriters Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title together issued approximately 30.5% of all title insurance policies issued nationally during 2004, as measured by premiums. Our title business consists of providing title insurance and escrow and other title-related products and services arising from the real estate closing process. Our operations are conducted on a direct basis through our own employees who act as title and escrow agents and through independent agents. In addition to our independent agents, our customers are lenders, mortgage brokers, attorneys, real estate agents, home builders and commercial real estate developers. We do not focus our marketing efforts on the homeowner.

History

The predecessors to FNT have primarily been title insurance companies, some of which have been in operation since the late 1800s. Many of these title insurance companies have been acquired in the last two decades. In 1984, FNF acquired a controlling interest in Fidelity National Title Insurance Company. During the 1990s, FNF acquired Alamo Title, Nations Title Inc., Western Title Company of Washington and First Title Corp. In 2000, FNF completed the acquisition of Chicago Title Corp., creating the largest title insurance organization in the world, and in 2004, FNF acquired American Pioneer Title Insurance Company, which now operates under our Ticor Title brand. Chicago Title had previously acquired Security Union Title in 1987 and Ticor Title Insurance Company in 1991. Our businesses have historically been operated as wholly-owned subsidiaries of FNF.

Competitive Strengths

We believe that our competitive strengths include the following:

Leading title insurance company. We are the largest title insurance company in the United States and a leading provider of title insurance and escrow services for real estate transactions. We currently have the leading market share for title insurance in California, New York, Texas and Florida, which are the four largest markets for title insurance in the United States, which account for approximately 48% of all title insurance business in the United States. We have approximately 1,500 locations throughout the United States providing our title insurance services.

Established relationships with our customers. We have strong relationships with the customers who use our title services. Our agent distribution network, which includes over 9,500 agents, is among the largest in the United States. We also benefit from strong brand recognition in our five FNT title brands that allows us to access a broader client base than if we operated under a single consolidated brand and provides our customers with a choice among FNT brands.

Strong value proposition for our customers. We provide our customers with title insurance and escrow and other closing services that support their ability to effectively close real estate transactions. We help make the real estate closing more efficient for our customers by offering a single point of access to a broad platform of title-related products and resources necessary to close real estate transactions.

Proven management team. The managers of our operating businesses have successfully built our title business over an extended period of time, resulting in our business attaining the size, scope and presence in the industry that it has today. Our managers have demonstrated their leadership ability during numerous acquisitions through which we have grown and throughout a number of business cycles and significant periods of industry change.

Competitive cost structure. We have been able to maintain operating margins that we believe are among the best in the industry. We have achieved our strong operating margins in part by monitoring our businesses in a disciplined manner through continual evaluation and management of our cost structure.

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When compared to other industry competitors, we also believe that our management structure has fewer layers of managers which allows us to operate with lower overhead costs.

Commercial title insurance. While residential title insurance comprises the majority of our business, we believe we are the largest provider of commercial real estate title insurance in the United States. Our network of agents, attorneys, underwriters and closers that service the commercial real estate markets is one of the largest in the industry. Our commercial network combined with our financial strength makes our title insurance operations attractive to large national lenders who require the underwriting and issuing of larger commercial title policies.

Corporate principles. A cornerstone of our management philosophy and operating success is the five fundamental precepts upon which FNF was founded:

- Bias for action
- Autonomy and entrepreneurship
- Employee ownership
- Minimal bureaucracy
- Close customer relationships

These five precepts are emphasized to our employees from the first day of employment and are integral to many of our strategies described below.

Strategy

Our strategy in the title insurance business is to maximize operating profits by increasing our market share and managing operating expenses throughout the real estate business cycle. To accomplish our goals, we intend to:

Continue to operate each of our five title brands independently. We believe that in order to maintain and strengthen our title insurance customer base, we must leave the Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title brands intact and operate these brands independently. In most of our largest markets, we operate two, and in a few cases, three brands. This approach allows us to continue to attract customers who identify with one brand over another and allows us to utilize a broader base of local agents and local operations than we would have with a single consolidated brand.

Consistently deliver superior customer service. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. Our ability to provide superior customer service and provide consistent product delivery requires continued focus on providing high quality service and products at competitive prices. Our goal is to continue to improve the experience of our customers in all aspects of our business.

Manage our operations successfully through business cycles. We operate in a cyclical business and our ability to diversify our revenue base within our core title insurance business and manage the duration of our investments may allow us to better operate in this cyclical business. Maintaining a broad geographic revenue base, utilizing both direct and independent agency operations and pursuing both residential and commercial title insurance business help diversify our title insurance revenues. Maintaining shorter durations on our investment portfolio allows us to increase our investment revenue in a rising interest rate environment, which may offset some of the decline in premiums and service revenues we would expect in such an environment. For a more detailed discussion of our investment strategies, see Investment Policies and Investment Portfolio.

Continue to improve our products and technology. As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant change, frequent new product and service introductions and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet

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evolving industry standards. In connection with our service offerings, we are currently upgrading our operating system to improve the process of ordering title services and improve the delivery of our products to our customers.

Maintain values supporting our strategy. We believe that continuing to focus on and support our long-established corporate culture will reinforce and support our business strategy. Our goal is to foster and support a corporate culture where our agents and employees seek to operate independently and profitably at the local level while forming close customer relationships by meeting customer needs and improving customer service. Utilizing a relatively flat managerial structure and providing our employees with a sense of individual ownership supports this goal.

Effectively manage costs based on economic factors. We believe that our focus on our operating margins is essential to our continued success in the title insurance business. Regardless of the business cycle in which we may be operating, we seek to continue to evaluate and manage our cost structure and make appropriate adjustments where economic conditions dictate. This continual focus on our cost structure helps us to better maintain our operating margins.

Title Insurance

We provide title insurance services through our direct operations and through independent title insurance agents who issue title policies on behalf of our title insurance companies. Our title insurance companies determine the terms and conditions upon which they will insure title to the real property according to their underwriting standards, policies and procedures.

Direct Operations. In our direct operations, the title insurer issues the title insurance policy and retains the entire premium paid in connection with the transaction. Our direct operations provide the following benefits:

- higher margins because we retain the entire premium from each transaction instead of paying a commission to an independent agent;

- continuity of service levels to a broad range of customers; and

- additional sources of income through escrow and closing services.

We have approximately 1,500 offices throughout the U.S. primarily providing residential real estate title insurance. Our commercial real estate title insurance business is operated almost exclusively through our direct operations. We maintain direct operations for our commercial title insurance business in all the major real estate markets including New York, Los Angeles, Chicago, Atlanta, Dallas, Philadelphia, Phoenix, Seattle and Houston.

Agency Operations. In our agency operations, the search and examination function is performed by an independent agent or the agent may purchase the search and examination from us. In either case, the agent is responsible to ensure that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. Independent agents may select among several title underwriters based upon their relationship with the underwriter, the amount of the premium split offered by the underwriter, the overall terms and conditions of the agency agreement and the scope of services offered to the agent. Premium splits vary by geographic region. Our relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on our behalf. The agency agreement also sets forth the agent s liability to us for policy losses attributable to the agent s errors. An agency agreement is usually terminable without cause upon 30 days notice or immediately for cause. In determining whether to engage or retain an independent agent, we consider the agent s experience, financial condition and loss history. For each agent with whom we enter into an agency agreement we maintain financial and loss experience records. We also conduct periodic audits of our agents.

Fees and Premiums. One means of analyzing our business is by examining the level of premiums generated by direct and agency operations. The following table presents the percentages of our title insurance premiums generated by direct and agency operations:

	Six Months Ended June 30,				Year Ended December 31,					
	2005		2004		2004		2003		2002	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(In thousands)						(In thousands)			
Direct	$ 1,017,396	43.8%	$ 987,019	42.3%	$ 2,003,447	42.5%	$ 2,105,317	44.8%	$ 1,557,769	43.9%
Agency	1,304,200	56.2%	1,348,430	57.7%	2,714,770	57.5%	2,595,433	55.2%	1,989,958	56.1%
Total title insurance premiums	$ 2,321,596	100.0%	$ 2,335,449	100.0%	$ 4,718,217	100.0%	$ 4,700,750	100.0%	$ 3,547,727	100.0%

The premium for title insurance is due in full when the real estate transaction is closed. We recognize title insurance premium revenues from direct operations upon the closing of the transaction, whereas premium revenues from agency operations include an accrual based on estimates of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent and is based on estimates utilizing historical information.

Geographic Operations. Our direct operations are divided into approximately 228 profit centers consisting of more than 1,500 direct offices. Each profit center processes title insurance transactions within its geographical area, which is usually identified by a county, a group of counties forming a region, or a state, depending on the management structure in that part of the country. We also transact title insurance business through a network of over 9,500 agents, primarily in those areas in which agents are the more prevalent title insurance provider.

The following table sets forth the approximate dollar and percentage volumes of our title insurance premium revenue by state.

	Year Ended December 31,					
	2004		2003		2002	
	Amount	%	Amount	%	Amount	%
			(In thousands)			
California	$ 1,055,296	22.4%	$ 1,183,643	25.2%	$ 895,698	25.2%
Texas	514,417	10.9%	527,583	11.2%	429,740	12.1%
Florida	483,860	10.3%	310,545	6.6%	215,367	6.1%
New York	400,827	8.5%	378,341	8.0%	295,636	8.3%
Illinois	202,277	4.3%	222,534	4.7%	173,651	4.9%
All others	2,061,540	43.6%	2,078,104	44.3%	1,537,635	43.4%
Totals	$ 4,718,217	100.0%	$ 4,700,750	100.0%	$ 3,547,727	100.0%

The following table sets forth the approximate dollar and percentage volumes of title insurance premium for the industry for 2004 by state according to Demotech.

	Year Ended December 31, 2004	
	Amount	%
	(In thousands)	
California	$ 3,068,170	19.8%
Florida	1,804,513	11.6%
Texas	1,491,295	9.6%
New York	1,146,752	7.4%
Pennsylvania	592,232	3.8%
All others	7,431,878	47.8%
Totals	$ 15,534,840	100.0%

Escrow and Other Title-Related Services

In addition to fees for underwriting title insurance policies, we derive a significant amount of our revenues from escrow and other title-related services, including closing services. The escrow and other services provided by us include all of those typically required in connection with residential and commercial real estate purchase and refinance activities. Escrow and other title-related fees represented approximately 18.4% of our revenues in the first six-months of 2005 and 17.7% and 17.7% of our revenues for 2004 and 2003, respectively. Escrow and other title-related fees are primarily generated by our direct title operations and increases or decreases in the amount of revenue we receive from these services are closely related to increases or decreases in revenues from our direct title operations.

Sales and Marketing

We market and distribute our title and escrow products and services to customers in the residential and commercial market sectors of the real estate industry through customer solicitation by sales personnel. Although in many instances the individual homeowner is the beneficiary of a title insurance policy, we do not focus our marketing efforts on the homeowner. We actively encourage our sales personnel to develop new business relationships with persons in the real estate community, such as real estate sales agents and brokers, financial institutions, independent escrow companies and title agents, real estate developers, mortgage brokers and attorneys who order title insurance policies for their clients. While our smaller, local clients remain important, large customers, such as national residential mortgage lenders, real estate investment trusts and developers have become an increasingly important part of our business. The buying criteria of locally based clients differ from those of large, geographically diverse customers in that the former tend to emphasize personal relationships and ease of transaction execution, while the latter generally place more emphasis on consistent product delivery across diverse geographical regions and ability of service providers to meet their information systems requirements for electronic product delivery.

Reinsurance and Coinsurance

In a limited number of situations we limit our maximum loss exposure by reinsuring certain risks with other title insurers under agent fidelity, excess of loss and case-by-case reinsurance agreements. We also earn a small amount of additional income, which is reflected in our direct premiums, by assuming reinsurance for certain risks of other title insurers. Reinsurance agreements provide generally that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable in the event the reinsurer does not meet its contractual obligations.

We also use coinsurance in our commercial title business to provide coverage in amounts greater than we would be willing or able to provide individually. In coinsurance transactions, each individual

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underwriting company issues a separate policy and assumes a portion of the overall total risk. As a coinsurer we are only liable for the portion of the risk we assumed.

Losses and Reserves

While most other forms of insurance provide for the assumption of risk of loss arising out of unforeseen events, title insurance serves to protect the policyholder from risk of loss from events that predate the issuance of the policy. As a result, claim losses associated with issuing title policies are less expensive when compared to other insurance underwriters. The maximum amount of liability under a title insurance policy is generally the face amount of the policy plus the cost of defending the insured s title against an adverse claim.

Reserves for claim losses are established based upon known claims, as well as losses incurred but not yet reported to us based upon historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations, expected recoupments and the types of policies written. We also reserve for losses arising from escrow, closing and disbursement functions due to fraud or operational error.

Although most claims against title insurance policies are reported relatively soon after the policy has been issued, claims may be reported many years later. By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors.

A title insurance company can minimize its losses by having strict quality control systems and underwriting standards in place. These controls increase the likelihood that the appropriate level of diligence is conducted in completing a title search so that the possibility of potential claims is significantly mitigated. In the case of independent agents who conduct their own title searches, the agency agreement between the agent and the title insurance underwriter gives the underwriter the ability to proceed against the agent when a loss arises from a flawed title search. We take an aggressive stance in pursuing claims against independent agents for losses that arise from fraud, misrepresentation, deceptive trade practices or other wrongful acts commonly referred to as bad faith.

Courts and juries sometimes award damages against insurance companies, including title insurance companies, in excess of policy limits. Such awards are typically based on allegations of fraud, misrepresentation, deceptive trade practices or other wrongful acts. The possibility of such bad faith damage awards may cause us to experience increased costs and difficulty in settling title claims.

The maximum insurable amount under any single title insurance policy is determined by statutorily calculated net worth. The highest self-imposed single policy maximum insurable amount for any of our title insurance subsidiaries is $375.0 million.

Investment Policies and Investment Portfolio

Our investment policy is designed to maintain a high quality portfolio, maximize income and minimize interest rate risk. We also make investments in certain equity securities in order to take advantage of perceived value and for strategic purposes. Various states regulate what types of assets qualify for purposes of capital and surplus and statutory unearned premium reserves. We manage our investment portfolio and do not utilize third party investment managers.

As of December 31, 2004 and 2003, the carrying amount, which approximates the fair value, of total investments was $2,174.8 million and $1,615.7 million, respectively.

We purchase investment grade fixed maturity securities, selected non-investment grade fixed maturity securities and equity securities. The securities in our portfolio are subject to economic conditions and normal market risks and uncertainties.

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The following table presents certain information regarding the investment ratings of our fixed maturity portfolio at December 31, 2004 and 2003.

	Year Ended December 31,							
	2004				2003			
Rating (1)	Amortized Cost	% of Total	Fair Value	% of Total	Amortized Cost	% of Total	Fair Value	% of Total
	(In thousands)							
AAA	$ 1,373,836	63.3%	$ 1,376,727	63.3%	$ 1,023,385	64.5%	$ 1,041,271	64.4%
AA	329,417	15.2	332,761	15.3	262,152	16.5	270,912	16.8
A	280,004	12.9	277,556	12.8	201,408	12.7	202,429	12.5
BBB	60,067	2.7	59,252	2.7	45,981	2.9	45,943	2.8
Other	128,362	5.9	128,521	5.9	53,640	3.4	55,149	3.5
	$ 2,171,686	100.0%	$ 2,174,817	100.0%	$ 1,586,566	100.0%	$ 1,615,704	100.0%

(1) Ratings as assigned by S&P s Ratings Group and Moody s.

The following table presents certain information regarding contractual maturities of our fixed maturity securities at December 31, 2004:

	December 31, 2004			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
	(In thousands)			
One year or less	$ 342,855	15.8%	$ 343,171	15.8%
After one year through five years	1,083,385	49.9	1,084,365	49.9
After five years through ten years	405,776	18.7	407,356	18.7
After ten years	256,359	11.8	256,429	11.8
Mortgage-backed securities	83,311	3.8	83,496	3.8
	$ 2,171,686	100.0%	$ 2,174,817	100.0%
Subject to call	$ 261,289	12.0%	$ 263,741	12.1%

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Fixed maturity securities with an amortized cost of $261.3 million and a fair value of $263.7 million were callable at December 31, 2004.

Our equity securities at December 31, 2004 and 2003 consisted of investments in various industry groups as follows:

	Year Ended December 31,			
	2004		2003	
	Cost	Fair Value	Cost	Fair Value
	(In thousands)			
Banks, trust and insurance companies	$ 1	$ 5	$ 1	$ 5
Industrial, miscellaneous and all other	108,573	115,065	54,400	65,402
	$ 108,574	$ 115,070	$ 54,401	$ 65,407

	Year Ended December 31,		
	2004	2003	2002
	(In thousands)		
Net investment income(1)	$ 86,120	$ 70,940	$ 85,405
Average invested assets	3,226,243	2,811,408	2,576,321
Effective return on average invested assets	2.7%	2.5%	3.3%

(1) Net investment income as reported in our Combined Statements of Earnings has been adjusted in the presentation above to provide the tax equivalent yield on tax exempt investments.

Other long-term investments as of December 31, 2004 amounted to $21.2 million and consisted primarily of equity investments.

Short-term investments, which consist primarily of securities purchased under agreements to resell, commercial paper and money market instruments, which have an original maturity of one year or less, are carried at amortized cost, which approximates fair value. As of December 31, 2004 short-term investments amounted to $508.4 million.

Technology

To meet the changing business and technology needs of our customers, we continually invest in our applications and services. This investment includes maintenance and enhancement of existing software applications, the development of new and innovative software applications and the ongoing enhancement of capabilities surrounding our outsourcing infrastructure.

Competition

The title insurance industry is highly competitive. According to Demotech, the top five title insurance companies accounted for 90.2% of net premiums collected in 2004. Over 40 independent title insurance companies accounted for the remaining 9.8% of the market. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as The First American Corporation, LandAmerica Financial Group, Inc., Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous smaller title insurance companies and independent agency operations at the regional and local level. These smaller companies may expand into other markets in which we compete. Also, the removal of regulatory barriers might result in new competitors entering the title insurance business, and those new competitors may include diversified financial services companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect our business operations and financial condition.

Competition in the title insurance industry is based primarily on expertise, service and price. In addition, the financial strength of the insurer has become an increasingly important factor in decisions relating to the purchase of title insurance, particularly in multi-state transactions and in situations involving real estate-related investment vehicles such as real estate investment trusts and real estate mortgage investment conduits.

The title insurance industry has also experienced periods of consolidation. We expect that, from time to time, we may evaluate opportunities for the acquisition of books of business or of title insurance companies or other complementary businesses as a going concern, for business combinations with other concerns and for the provision of insurance related advisory services to third parties. There can be no assurance, however, that any suitable business opportunity will arise.

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Employees

As of May 31, 2005, we had approximately 18,900 employees. We believe our employee relations are satisfactory. None of our employees are subject to collective bargaining agreements.

Infrastructure and Facilities

The majority of our offices are leased from third parties. We own the remaining offices. As of December 31, 2004, we leased office space as follows:

	Number of Locations
California	529
Arizona	147
Texas	136
Illinois	100
Florida	98
Oregon and Washington	73
Michigan	39
Nevada	35
New York and Ohio	33
Indiana	31
North Carolina	29
Colorado	20
New Jersey	18
Pennsylvania	15
Kansas	13
Hawaii, Missouri, and Tennessee	12
Wisconsin	11
Minnesota	10
Virginia	9
Connecticut	8
Massachusetts	6
Canada, District of Columbia, Maine, New Hampshire, and Oklahoma	7
Georgia, Louisiana, Maryland, Montana, and South Carolina	5
Alabama and New Mexico	4
Delaware, Idaho, Kentucky, Mississippi, Rhode Island and Utah	1

We believe our properties are adequate for our business as presently conducted.

Legal Proceedings

In the ordinary course of business, we are involved in various pending and threatened litigation matters related to our operations, some of which include claims for punitive or exemplary damages. We believe that no actions, other than those listed below, depart from customary litigation incidental to our business. As background to the disclosure below, please note the following:

These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities, including but not limited to the underlying facts of each matter, novel legal issues, variations between jurisdictions in which matters are being litigated, differences in applicable laws and judicial interpretations, the length of time before many of these matters might be resolved by settlement or through litigation and, in some cases, the timing of their

resolutions relative to other similar cases brought against other companies, the fact that many of these matters are putative class actions in which a class has not been certified and in which the purported class may not be clearly defined, the fact that many of these matters involve multi-state class actions in which the applicable law for the claims at issue is in dispute and therefore unclear, and the current challenging legal environment faced by large corporations and insurance companies.

In these matters, plaintiffs seek a variety of remedies including equitable relief in the form of injunctive and other remedies and monetary relief in the form of contractual and extra-contractual damages. In some cases, the monetary damages sought include punitive or treble damages or are not specified. Often more specific information beyond the type of relief sought is not available because plaintiffs have not requested more specific relief in their court pleadings. In those cases where plaintiffs have made a specific demand for monetary damages, they often specify damages just below a jurisdictional limit regardless of the facts of the case. This represents the maximum they can seek without risking removal from state court to federal court. In our experience, monetary demands in plaintiffs court pleadings bear little relation to the ultimate loss, if any, we may experience.

For the reasons specified above, it is not possible to make meaningful estimates of the amount or range of loss that could result from these matters at this time. We review these matters on an on-going basis and follow the provisions of SFAS No. 5, Accounting for Contingencies when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, we base our decision on our assessment of the ultimate outcome following all appeals.

In the opinion of our management, while some of these matters may be material to our operating results for any particular period if an unfavorable outcome results, none will have a material adverse effect on our overall financial condition.

Several class actions are pending alleging improper premiums were charged for title insurance in Ohio (Dubin v. Security Union Title Insurance Company, filed on March 12, 2003, in the Court of Common Pleas, Cuyahoga County, Ohio and Markowitz v. Chicago Title Insurance Company, filed on February 4, 2004 in the Court of Common Pleas, Cuyahoga County, Ohio), Pennsylvania (Patterson v. Fidelity National Title Insurance Company of New York, filed on October 27, 2003 in the Court of Common Pleas of Allegheny County, Pennsylvania) and Florida (Thula v. American Pioneer, filed on September 24, 2004 in the Circuit Court of Seventeenth Judicial Circuit, Broward County; Figueroa v. Fidelity, filed on April 20, 2004 in the Circuit Court of 11th Judicial Circuit, Dade County; Grosso v. Fidelity National Title Insurance Company of New York, filed on August 31, 2004 in the Circuit Court of the Seventeenth Judicial Circuit, Broward County; Chereskin v. Fidelity National Title Insurance Company of New York, filed on September 21, 2004 in the Circuit Court, Fourth Judicial Circuit, Nassau County; and Turner v. Chicago Title Insurance Company, filed September 20, 2004 in the Circuit Court, Fourth Judicial District, in and for Nassau County, Florida). The cases allege that the named defendant companies failed to provide notice of premium discounts to consumers refinancing their mortgages, and failed to give discounts in refinancing transactions in violation of the filed rates. The actions seek refunds of the premiums charged and punitive damages. Recently, the court s order denying class certification in one of the Ohio actions was reversed and the case was remanded to the trial court for further proceedings. We intend to vigorously defend these actions.

A class action in California (Lane v. Chicago Title Insurance Company, filed on November 4, 1999 in the Superior Court of the State of California, County of San Francisco) alleges we violated the Real Estate Settlement Procedures Act (RESPA) and state law by giving favorable discounts or rates to builders and developers for escrow fees and requiring purchasers to use Chicago Title Insurance Company for escrow services. The actions seek refunds of the premiums charged and additional damages. We intend to continue to vigorously defend the California action.

A purported shareholder derivative action (McCabe v. Fidelity National Financial, Inc., *et al.*) was filed on February 11, 2005 in the U.S. District Court, Middle District of Florida, Jacksonville Division alleging that FNF s directors and certain executive officers breached their fiduciary and other

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duties, and exposed FNF to potential fines, penalties and suits in the future, by permitting so called contingent commissions to obtain business. FNF and its directors and executive officers named as defendants filed Motions to Dismiss the action on June 3, 2005. The plaintiff abandoned his original complaint and responded to the motions by filing an amended Complaint on July 13, 2005, and FNF, along with its directors and executive officers named as defendants, must respond to the amended Complaint by August 29, 2005. The amended complaint repeats the allegations of the original complaint and adds allegations about captive reinsurance programs, which we continue to believe were lawful. These captive reinsurance programs are the subject of investigations by several state departments of insurance and attorney generals. We have agreed to indemnify FNF in connection with this matter under the separation agreement to be entered into in connection with the distribution and we intend to vigorously defend this action.

Several state departments of insurance and attorney generals are investigating so called captive reinsurance programs whereby some of our title insurance underwriters reinsured policies through reinsurance companies owned or affiliated with brokers, builders or bankers. Some investigating agencies claim these programs unlawfully compensated customers for the referral of title insurance business. Although we believed and continue to believe the programs were lawful, the programs have been discontinued. The Company recently negotiated a settlement with the California Department of Insurance with respect to that department s inquiry into captive reinsurance programs in the title insurance industry. Under the terms of the settlement, we will refund approximately $7.7 million to those consumers whose California property was subject to a captive reinsurance arrangement and will also pay a penalty of $5.6 million. As part of the settlement, we have denied any wrongdoing. We continue to cooperate with other investigating authorities, and no other actions have been filed by the authorities against us or our underwriters.

Regulation

Our insurance subsidiaries, including underwriters, underwritten title companies and independent agents, are subject to extensive regulation under applicable state laws. Each of the insurance underwriters is subject to a holding company act in its state of domicile, which regulates, among other matters, the ability to pay dividends and investment policies. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders (capital and surplus) requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules.

Pursuant to statutory accounting requirements of the various states in which our title insurance subsidiaries are licensed, those subsidiaries must defer a portion of premiums earned as an unearned premium reserve for the protection of policyholders and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined by statutory formula based upon either the age, number of policies, and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2004, the combined statutory unearned premium reserve required and reported for our title insurance subsidiaries was $1,176.6 million. In addition to statutory unearned premium reserves, each of our insurance subsidiaries maintains surplus funds for policyholder protection and business operations.

The insurance commissioners of their respective states of domicile regulate our title insurance subsidiaries. Regulatory examinations usually occur at three-year intervals, and certain of these examinations are currently ongoing.

Under the statutes governing insurance holding companies in most states, insurers may not enter into various transactions, including certain sales, reinsurance agreements and service or management contracts with their affiliates unless the regulator of the insurer s state of domicile has received notice at least 30 days prior to the intended effective date of such transaction and has not objected in such period or has approved the transaction within the 30 day period.

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As a holding company with no significant business operations of our own, we depend on dividends or other distributions from our subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of, principal of any debt obligations. The payment of dividends or other distributions to us by our U.S. insurance subsidiaries is regulated by the insurance laws and regulations of their respective states of domicile. In general, an insurance company subsidiary may not pay an extraordinary dividend or distribution unless the applicable insurance regulator has received notice of the intended payment at least 30 days prior to payment and has not objected in such period or has approved the payment within the 30-day period. In general, an extraordinary dividend or distribution is defined by these laws and regulations as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months, exceeds the greater (or, in some jurisdictions, the lesser) of:

10% of the insurer s statutory surplus as of the immediately prior year end; or

the statutory net investment income or the statutory net income of the insurer during the prior calendar year.

The laws and regulations of some of these jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain regulatory approval before it may do so. During the remainder of 2005, our title insurance subsidiaries can pay dividends or make distributions to us of approximately $89.1 million without prior regulatory approval. In addition, insurance regulators may prohibit the payment of ordinary dividends or other payments by our insurance subsidiaries to us (such as a payment under a tax sharing agreement or for employee or other services) if they determine that such payment could be adverse to our policyholders.

As a condition to continued authority to underwrite policies in the states in which our subsidiaries conduct their business, they are required to pay certain fees and file information regarding their officers, directors and financial condition.

Pursuant to statutory requirements of the various states in which our subsidiaries are domiciled, they must maintain certain levels of minimum capital and surplus. Each of our title underwriters has complied with the minimum statutory requirements as of December 31, 2004.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth of $7.5 million, $2.5 million, $3.0 million and $0.4 million is required for Fidelity National Title Company, Fidelity National Title Company of California, Chicago Title Company and Ticor Title Company of California, respectively. All of our companies were in compliance with their respective minimum net worth requirements at December 31, 2004.

We get inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies from time to time about various matters relating to our business. Sometimes these take the form of civil investigative subpoenas. We attempt to cooperate with all such inquiries. From time to time, we are assessed immaterial fines for violations of regulations or other matters. Like many other insurance companies, in 2004 our subsidiaries received civil subpoenas from the New York State Attorney General, requesting information about our arrangements with agents and other matters. We have been cooperating and intend to continue to cooperate with these inquiries.

In the fall of 2004, the California Department of Insurance began an investigation into reinsurance practices in the title insurance industry and in February 2005, FNF was issued a subpoena to provide information to the California Department of Insurance as a part of its investigation. This investigation paralleled the inquiries of the National Association of Insurance Commissioners, which began earlier in 2004. The investigations have focused on arrangements in which title insurers would write title insurance generated by realtors, developers and lenders and cede a portion of the premiums to a reinsurance company affiliate of the entity that generated the business. Other state insurance departments and attorneys general also have made formal or informal inquiries to us regarding these matters.

We recently negotiated a settlement with the California Department of Insurance with respect to that department s inquiry into captive reinsurance programs in the title insurance industry. Under the terms of the settlement we will refund approximately $7.7 million to those consumers whose California property was subject to a captive reinsurance arrangement and we will pay a penalty of $5.6 million.

We have been cooperating and intend to continue to cooperate with the other ongoing investigations. We have discontinued all reinsurance agreements of the type the investigations cover. The total amount of premiums we ceded to reinsurers was approximately $10 million over the existence of these agreements. These investigations are at an early stage and as a result we are unable to give any assurance regarding their consequences for the industry or for us.

Our subsidiaries are subject to extensive rate regulation by the applicable state agencies in the jurisdictions in which we operate. Title insurance rates are regulated differently in the various states in which we operate, with some states requiring our subsidiaries to file rates before such rates become effective and some states promulgating the rates to be charged by our subsidiaries. In almost all states in which we operate, our rates must not be excessive, inadequate or unfairly discriminatory.

The California Department of Insurance has recently announced its intent to examine levels of pricing and competition in the title insurance industry in California. New York and Colorado insurance regulators have also announced similar inquiries and other states could follow. At this stage, we are unable to predict what the outcome will be of this or any similar review.

Before a person can acquire control of a U.S. insurance company, prior written approval must be obtained from the insurance commissioner of the state where the domestic insurer is domiciled. Prior to granting approval of an application to acquire control of a domestic insurer, the state insurance commissioner will consider such factors as the financial strength of the applicant, the integrity and management of the applicant s board of directors and executive officers, the acquiror s plans for the insurer s board of directors and executive officers, the acquiror s plans for the future operations of the domestic insurer and any anti-competitive results that may arise from the consummation of the acquisition of control. Generally, state statutes provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the domestic insurer. Because a person acquiring 10% or more of our common shares would indirectly control the same percentage of the stock of our title insurance subsidiaries, the insurance change of control laws would likely apply to such a transaction.

The NAIC has adopted an instruction requiring an annual certification of reserve adequacy by a qualified actuary. Because all of the states in which our title insurance subsidiaries are domiciled require adherence to NAIC filing procedures, each such subsidiary, unless it qualifies for an exemption, must file an actuarial opinion with respect to the adequacy of its reserves.

We are not aware of any current material non-compliance with any of the foregoing rules and regulations nor are we aware of material non-compliance with regard to any such rules or regulations within the past three years.

Since we are governed by both state and federal governments and the applicable insurance laws are constantly subject to change, it is not possible to predict the potential effects of any laws or regulations that may become more restrictive in the future or if new restrictive laws will be enacted.

Ratings

Our title insurance subsidiaries are regularly assigned ratings by independent agencies designed to indicate their financial condition and/or claims paying ability. The ratings agencies determine ratings by quantitatively and qualitatively analyzing financial data and other information. Our title subsidiaries include Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title. The insurer financial strength/stability ratings of our principal title insurance subsidiaries are listed below, and an explanation of each rating follows:

	S&P	Moody s	Fitch	A. M. Best	Demotech
Alamo Title Insurance	A-	A3	A-	A-	A´
Chicago Title Insurance Co.	A-	A3	A-	A-	A´´
Chicago Title Insurance Co. of Oregon	A-	A3	A-	A-	A´
Fidelity National Title Insurance Co.	A-	A3	A-	A-	A´
Ticor Title Insurance Co.	A-	A3	A-	A-	A´
Security Union Title Insurance Co.	A-	A3	A-	A-	A´

The ratings of S&P, Moody s, A.M. Best, Fitch and Demotech described above are not designed to be, and do not serve as, measures of protection or valuation offered to investors in this distribution. These financial strength ratings should not be relied on with respect to making an investment in our securities. In connection with the announcement of this distribution and the increased financial leverage that will result, S&P placed the A- financial strength rating on CreditWatch negative, Moody s affirmed the A3 financial strength rating although the rating outlook was changed to negative and Fitch placed the financial strength rating on Rating Watch Negative. In addition, A.M. Best downgraded the financial strength ratings of our principal insurance subsidiaries to A-.

S&P Ratings

S&P states that an A- rating means that, in its opinion, the insurer is highly likely to have the ability to meet its financial obligations. An A- rating is the seventh highest of S&P s twenty-one ratings which range from AAA to R with a plus (+) or minus (-) showing relative standing within a rating category.

Moody s Ratings

Moody s states that insurance companies rated A3 offer good financial security. The A3 rating is the seventh highest rating of Moody s twenty-one ratings that range from Aaa to C with numeric modifiers used to refer to the ranking within the group, with 1 being the highest and 3 being the lowest.

Fitch Ratings

Fitch states that its A- (Strong) rating is assigned to those companies that are viewed as possessing strong capacity to meet policyholder and contract obligations. The A- (Strong) rating is the seventh highest rating of Fitch s twenty-four ratings that range from AAA to D. The symbol plus (+) or minus (-) may be appended to a rating to indicate its relative position within a rating category, except that such symbols are not appended to ratings in the AAA category or to the ratings below the CCC category.

A.M. Best Ratings

A.M. Best states that its A- (Excellent) rating is assigned to those companies that have, in its opinion, an excellent ability to meet their ongoing obligations to policyholders. The A- (Excellent) rating is the fourth highest rating of A.M. Best s fifteen ratings that range from A++ to F.

Demotech Ratings

Demotech rates the financial stability of title underwriters. Demotech states that its ratings of A´´ (A double prime) and A´ (A prime) reflect its opinion that, regardless of the severity of a general economic downturn or deterioration in the insurance cycle, the insurers assigned either of those ratings possess Unsurpassed financial stability related to maintaining positive surplus as regards policyholders. The A´´ (A double prime) and A´ (A prime) ratings are the first and second highest ratings of Demotech s five ratings.

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MANAGEMENT

Directors and Executive Officers

Set forth below is certain information concerning our directors and executive officers. All ages are as of April 30, 2005.

Name	Age	Position
William P. Foley, II	60	Chairman of the Board
Raymond R. Quirk	58	Chief Executive Officer
Christopher Abbinante	54	President, Eastern Operations
Roger S. Jewkes	46	President, Western Operations
Erika Meinhardt	46	President, National Agency Operations
Anthony J. Park	38	Chief Financial Officer
Willie M. Davis	70	Director Nominee
John F. Farrell, Jr.	67	Director Nominee
Philip G. Heasley	55	Director Nominee
William A. Imparato	58	Director Nominee
Donald M. Koll	72	Director Nominee
General William Lyon	82	Director Nominee
Frank P. Willey	51	Director Nominee

The following sets forth certain biographical information with respect to our executive officers and directors listed above.

William P. Foley, II is the Chairman of our board of directors. He is also the Chief Executive Officer and Chairman of the board of directors of FNF, and has served in those capacities since FNF s formation in 1984. Mr. Foley is also the Chief Executive Officer and Chairman of the board of directors for FIS, and has served in those capacities since 2004. He also served as President of FNF from 1984 until December 31, 1994. Mr. Foley also is currently serving as Chairman of the board of directors of CKE Restaurants, Inc.

Raymond R. Quirk is our Chief Executive Officer. Prior to his position as Chief Executive Officer, he was President of FNF from January 2003 to the present. Since he joined FNF in 1985, Mr. Quirk has also served in numerous executive and management positions, including Executive Vice President, Co-Chief Operating Officer, and Divisional and Regional Manager with responsibilities governing direct and agency operations nationally.

Christopher Abbinante is our President, Eastern Operations. Prior to his appointment as President, Eastern Operations, Mr. Abbinante has served as an Executive Vice President and a Co-Chief Operating Officer of FNF since January 2002. Mr. Abbinante joined FNF in 2000 in connection with FNF s acquisition of Chicago Title Corporation. Prior to joining FNF, Mr. Abbinante served as a Senior Vice President of Chicago Title Insurance Company from 1976 to 2000.

Roger S. Jewkes is our President, Western Operations. Prior to his appointment as President, Western Operations, Mr. Jewkes has served as a Division Manager for FNF from May 2003 to present and as a Regional Manager with FNF from May 2001 to 2003. In his role as a Division Manager, Mr. Jewkes was responsible for FNF s direct title operations in California, Arizona, Colorado, Nevada and New Mexico. Mr. Jewkes has held various other operational management positions with FNF since he joined the company through an acquisition in 1987.

Erika Meinhardt is our President, National Agency Operations. Prior to her appointment as President, National Agency Operations, she has served as Executive Vice President and Division Manager for FNF

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since 2002, with responsibility for direct and agency operations in the Southeast and Northeast. Ms. Meinhardt has held various other positions with FNF and its subsidiary companies since 1983.

Anthony J. Park is our Chief Financial Officer. Prior to his appointment as our Chief Financial Officer, Mr. Park has served as the Chief Accounting Officer of FNF since March 2000. In his role as Chief Accounting Officer of FNF, Mr. Park had primary responsibility for all aspects of the corporate accounting function and production of the consolidated financial statements. Mr. Park has previously held the titles of Controller and Assistant Controller of FNF since he joined FNF in 1991.

Willie D. Davis. Mr. Davis has served as the President and a director of All-Pro Broadcasting, Inc., a holding company that operates several radio stations, since 1976. Mr. Davis currently also serves on the Board of Directors of Checkers Drive-In Restaurants, Inc., Sara Lee Corporation, Dow Chemical Company, MGM, Inc., MGM Grand, Inc., Alliance Bank, Johnson Controls, Inc., Bassett Furniture Industries, Incorporated and Strong Fund.

John F. Farrell, Jr. Mr. Farrell is Chairman of Automatic Service Company and has been since 1997. From 1985 through 1994 he was Chairman and Chief Executive Officer of North American Mortgage Company. Mr. Farrell was Chairman of Integrated Acquisition Corporation from 1984 through 1989. He was a partner with Oppenheimer and Company from 1972 through 1981.

Philip G. Heasley. Mr. Heasley is Chairman and Chief Executive Officer of Paypower LLC and has been since 2003. From 2000 to 2003, he was Chairman and Chief Executive Officer of First USA Bank, the credit card subsidiary of Bank One. Prior to joining First USA, Mr. Heasley spent 13 years in executive positions at U.S. Bancorp, including six years as Vice Chairman and the last two years as President and Chief Operating Officer. Before joining U.S. Bancorp, Mr. Heasley spent 13 years at Citicorp, including three years as President and Chief Operating Officer of Diners Club, Inc. Mr. Heasley currently serves as Chairman of the Board of Visa USA and as a director of Visa International, Fair Isaac Corporation and Ohio Casualty Corporation.

William A. Imparato. Mr. Imparato is currently a Partner in Beus Gilbert PLLC and the Managing Member of Tri-Vista Partners, LLC, and has been for more than five years. From June 1990 to December 1993, Mr. Imparato was President of the Company s wholly-owned real estate subsidiary Manchester Development Corporation. From July 1980 to March 2000 he was a partner in Park West Development Company, a real estate development firm headquartered in Phoenix, Arizona. In March 2000, Mr. Imparato started a new real estate development firm, Tri-Vista Partners LLC, headquartered in Scottsdale, Arizona.

Donald M. Koll. Mr. Koll is Chairman of the Board and Chief Executive Officer of The Koll Company and has been since its formation on March 26, 1962.

General William Lyon. General Lyon is Chairman of the Board and Chief Executive Officer of William Lyon Homes, Inc. and affiliated companies, which are headquartered in Newport Beach, California, and has been for more than five years. In 1989, General Lyon formed Air/ Lyon, Inc., which included Elsinore Service Corp. and Martin Aviation at John Wayne Airport. He has been Chairman of the Board of The William Lyon Company since 1985.

Frank P. Willey. Mr. Willey was the Vice Chairman of the Board of FNF and has been a director since the formation of FNF in 1984. Mr. Willey served as FNF s President from January 1, 1995 through March 20, 2000. Prior to that, he served as an Executive Vice President and General Counsel of FNF from its formation until December 31, 1994. Mr. Willey also has served in various capacities with subsidiaries and affiliates of FNF since joining FNF in 1984. Presently, Mr. Willey also serves as a director of CKE Restaurants, Inc.

Composition of the Board of Directors

Our directors will be divided into three classes of approximately equal size and serve for staggered three-year terms. At each annual meeting of stockholders, directors will be elected to succeed the class of

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directors whose term has expired. Class I s term will expire at the 2006 annual meeting, Class II s term will expire at the 2007 annual meeting and Class III s term will expire at the 2008 annual meeting. Our director nominees will be allocated to classes upon their election to the board.

For a description of requirements of our bylaws with respect to stockholder proposals and director nominations by stockholders, see Description of Capital Stock Certain Provisions of our Certificate and Bylaws and of Delaware Law Advance Notice Requirements for Stockholder Proposals and Director Nominees.

Committees of the Board of Directors

Upon completion of this distribution, the standing committees of our board of directors will include the audit committee, the nominating and corporate governance committee, and the compensation committee. These committees are described below. Our board of directors may also establish various other committees to assist it in its responsibilities.

Audit committee. This committee will be primarily concerned with the accuracy and effectiveness of the audits of our financial statements by our internal audit staff and by our independent auditors. This committee is responsible for assisting the board s oversight of:

- the quality and integrity of our financial statements and related disclosure;
- our compliance with legal and regulatory requirements;
- the independent auditor s qualifications and independence; and
- the performance of our internal audit function and independent auditor.

The rules of the NYSE require that each issuer have an audit committee of at least three members, and that one independent director (as defined in those rules) be appointed to the audit committee at the time of listing, one within 90 days after listing and the third within one year after listing. We expect to appoint at least one independent director to our audit committee effective as of our listing. We intend to appoint additional independent directors to serve on our board and the audit committee as soon as practicable, but in any event within the time periods prescribed by the listing rules.

Nominating and corporate governance committee. This committee s responsibilities will include the selection of potential candidates for our board of directors and the development and annual review of our governance principles.

Compensation committee. This committee will have two primary responsibilities:

- to monitor our management resources, structure, succession planning, development and selection process as well as the performance of key executives; and
- to review and approve executive compensation and broad-based and incentive compensation plans.

The rules of the NYSE will require our compensation and nominating and corporate governance committees to consist of at least three independent directors following the date that FNF no longer owns more than 50% of our common stock. We intend to appoint independent directors (as defined in the applicable rules) to serve on the compensation committee and the nominating and corporate governance committee as soon as practicable, but in any event within the time period prescribed by the listing rules.

Director Compensation

Directors who also are our officers do not receive any compensation for acting as directors, except for reimbursement of reasonable expenses, if any, incurred in attending board meetings. Directors who are not our employees receive:

- an annual retainer of ;
- a per meeting fee of for each board meeting attended;

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an annual retainer of for service on any board committee (except audit) or a annual retainer if chair of any committee (except audit);

an annual retainer of for service on the audit committee or a annual retainer if chair of the audit committee;

a per meeting fee of for each committee meeting attended (except audit which has a per meeting fee of ; and

expenses of attending board and committee meetings.

In addition, each non-employee director will be granted options concurrent with the completion of this distribution to purchase shares of our Class A Common Stock, at an exercise price equal to the closing price of our Class A Common Stock on the NYSE on the date of the distribution.

Executive Compensation

The following table sets forth the compensation paid or awarded to our chief executive officer and our other executive officers who, based on salary and bonus compensation from FNF and its subsidiaries, were the most highly compensated for the year ended December 31, 2004. All information set forth in this table reflects compensation earned by these individuals for services with FNF and its subsidiaries.

Summary Compensation Table

		Annual Compensation			Long-term Compensation		
Name and Title	**Fiscal Year**	**Salary(1) ($)**	**Bonus(2) ($)**	**Other Annual Compensation(3) ($)**	**Restricted Stock Units(4) ($)**	**Securities Underlying Options(5) (#)**	**All Other Compensation(6) ($)**
Raymond R. Quirk Chief Executive Officer	2004	606,250	1,210,227	7,304		150,000	28,956
	2003	594,529	1,557,123	89,148	1,156,050	8,250	23,644
	2002	418,764	837,500	6,000		129,421	23,019
Christopher Abbinante President, Eastern Operations	2004	475,000	879,344	6,000		106,400	25,876
Roger S. Jewkes President, Western Operations	2004	469,059	450,000	6,000		93,100	17,477
Erika Meinhardt President, National Agency Operations	2004	341,668	600,000	8,781		106,400	22,284
Anthony J. Park Chief Financial Officer	2004	250,001	197,542			26,600	17,269

(1) Amounts shown for the indicated fiscal year include amounts deferred at the election of the named executive officer pursuant to the FNF s 401(k) plan.

(2) Bonuses were awarded during the year following the year to which the bonuses relate, based on an evaluation by the Compensation Committee of the Board of Directors. Amounts shown for Mr. Quirk for the 2002 fiscal year include cash bonus amounts earned and deferred at his election and utilized to reduce the exercise price of stock options granted to him during the subsequent fiscal year pursuant to the 1991 and 2001 Stock Option Plans. The bonus amount applied to reduce the exercise price of stock option grants awarded to Mr. Quirk and included in this column for 2002, the most recent year for which the options were granted, was $75,000.

(3) Amounts shown for Mr. Quirk include (i) $83,148 reimbursed during 2003 for the payment of taxes in connection with the restricted stock grant; (ii) the cost of a Company provided automobile of $6,000 in 2004, 2003 and 2002; and (iii) personal use of Company aircraft by Mr. Quirk of $1,304 in 2004.

(4) Pursuant to the 2001 Plan, the Company granted a right to Mr. Quirk to purchase shares of restricted common stock on November 18, 2003. The restricted shares granted vest over a four year period, of

which one-fifth vested immediately on the date of grant. Dividends are paid by the Company on the restricted stock granted. The number and aggregate value of Mr. Quirk s restricted stock holdings as of December 31, 2004 were 23,100 shares and $1,054,977, respectively.

(5) The number of securities underlying options has been adjusted to reflect all dividends and stock splits.

(6) Amounts shown for fiscal 2004 consist of the following: (i) Mr. Quirk: no Company contribution to 401(k) Plan, Company paid life insurance premiums $3,070 and Company contribution to Employee Stock Purchase Program $25,886; (ii) Mr. Abbinante: Company contribution to 401(k) Plan $6,150, Company paid life insurance premiums $1,642 and Company contribution to Employee Stock Purchase Program $18,084; (iii) Mr. Jewkes: Company contribution to 401(k) Plan $6,150, Company paid life insurance premiums $1,071 and Company contribution to Employee Stock Purchase Program $16,406; (iv) Ms. Meinhardt: Company contribution to 401(k) Plan $6,150, Company paid life insurance premiums $1,971 and Company contribution to Employee Stock Purchase Program $20,312; and (v) Mr. Park: Company contribution to 401(k) Plan $6,150, Company paid life insurance premiums $81 and Company contribution to Employee Stock Purchase Program $17,187.

Stock Ownership Guidelines

In order to help demonstrate the alignment of the personal interests of our officers and directors with the interests of our stockholders, we have established the following stock ownership guidelines, as multiples of the officer s base salary or the director s annual retainer from FNT, that must be held by our officers or directors:

Position	**Multiple**
Chief Executive Officer	5x Base Salary
Other Officers (direct reports to the CEO or Section 16 Reporting Persons)	2x Base Salary
Members of the Board	2x Annual Retainer

The number of shares of our stock that must be held is determined by multiplying the officer s annual base salary (or in the case of a non-employee director, such director s annual retainer) by the applicable multiple shown above, and dividing the result by the highest closing price of our stock during the immediately preceding 24 months. Compliance will be monitored by the compensation committee of our board of directors once a year and not on a running basis. In order to meet this stock ownership requirement, an officer or director may count all shares of our stock beneficially owned by such officer or director, including stock held in our 401(k) plan, our employee stock purchase plan, stock units held in any deferral plan, any restricted shares, restricted stock units and vested options including any restricted shares issued to such officer or director upon conversion of FNF restricted shares in connection with the distribution. Each officer or director must attain ownership of the required stock ownership level within five years after first becoming subject to these guidelines, provided, that if an individual becomes subject to a greater ownership requirement due to a promotion or increase in base salary, such individual is expected to meet the higher ownership requirement within three years.

Stock Ownership of Directors and Executive Officers

All of our common stock is currently owned by FNF, and thus none of our present or future officers or directors currently owns any shares of our common stock. In addition, those officers and directors who own shares of FNF common stock will be treated on the same terms as any other holders of FNF common stock and will receive shares of our common stock in the distribution in respect of any shares of FNF common stock that they hold on the record date of the distribution. FNF stock options and restricted stock held by our employees and directors will also be affected in connection with the separation. See Treatment of FNF Stock Options and Restricted Shares.

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The following table sets forth the number of shares of FNF common stock beneficially owned on May 31, 2005 by each of our directors, each of the executive officers named in the summary compensation table below, and all of our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the securities. The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the shares of common stock underlying options held by that person that are exercisable within 60 days of May 31, 2005 but excludes shares of common stock underlying options held by any other person.

Shares of FNF Common Stock

Name	**Beneficially Owned(1)**	**Percent of Class**
William P. Foley, II	9,575,912	5.42%
Willie D. Davis	82,406	*
John F. Farrell, Jr.	56,613	*
Philip G. Heasley	31,156	*
William A. Imparato	114,723	*
Donald M. Koll	181,659	*
General William Lyon	132,977	*
Frank P. Willey	1,546,435	*
Raymond R. Quirk	634,849	*
Christopher Abbinante	74,196	*
Roger S. Jewkes	45,807	*
Erika Meinhardt	176,167	*
Anthony J. Park	108,390(2)	*
All directors and executive officers as a group (persons)	12,761,290	7.17%

* Indicates less than 1% of FNF outstanding common stock.

(1) Shares beneficially owned include: (a) shares of FNF common stock owned by the individual, (b) FNF restricted stock granted to the individual (Mr. Foley 165,000; Messrs. Davis, Farrell, Heasley, Imparato, Koll, Lyon 3,300; Mr. Willey 13,200; Mr. Quirk 23,100; Mr. Abbinante 13,200; Mr. Jewkes 8,800; Ms. Meinhardt 13,200; and Mr. Park 3,080), (c) FNF options that are exercisable within 60 days and (d) shares of FNF common stock held in the individual s 401(k) and ESPP accounts.

(2) Included in this amount are 1,591 shares of FNF common stock held by Mr. Park s spouse.

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Option Grants

The following table provides information as to options to acquire our common stock to be granted to the named executive officers on the date of this distribution pursuant to our 2005 Omnibus Incentive Plan. See Omnibus Incentive Plan.

FNT Option Grants at the Distribution

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
Name	**Number of Securities Underlying Options Granted (#)**	**Percentage of Total Options Granted to Employees in Fiscal Year**	**Exercise or Base Price ($/share)**	**Expiration Date**	**5% ($)**	**10% ($)**
Raymond R. Quirk		%	$ (1)		$	$
Christopher Abbinante		%	$ (1)		$	$
Roger S. Jewkes		%	$ (1)		$	$
Erika Meinhardt		%	$ (1)		$	$
Anthony J. Park		%	$ (1)		$	$

(1) The options will be granted under the 2005 Omnibus Incentive Plan to our key employees at an exercise price equal to the closing price of shares of our Class A Common Stock traded on the NYSE on the date of the distribution.

(2) These are assumed rates of appreciation and are not intended to forecast future appreciation of our common stock.

The following table provides information as to options to acquire FNF common stock granted to the named executive officers during 2004 pursuant to either FNF s Amended and Restated 1998 Stock Incentive Plan (the 1998 Plan) or FNF s 2004 Omnibus Incentive Plan.

FNF Option Grants in Last Fiscal Year

Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
Number of Securities Underlying Options Granted	**Percentage of Total Options Granted to**	**Exercise or Base Price**	**Expiration**	**5%**	**10%**

Name	(#)	Employees in Fiscal Year	($/Share)	Date	($)	($)
Raymond R. Quirk	150,000	3.4%	$ 36.60(1)	10/15/12	$ 4,204,200	$ 8,465,765
Christopher Abbinante	106,400	1.8%	$ 28.06(2)	9/10/12	$ 1,425,491	$ 3,414,299
Roger S. Jewkes	93,100	1.6%	$ 28.06(2)	9/10/12	$ 1,247,305	$ 2,987,511
Erika Meinhardt	106,400	1.8%	$ 28.06(2)	9/10/12	$ 1,425,491	$ 3,414,299
Anthony J. Park	26,600	0.5%	$ 28.06(2)	9/10/12	$ 356,373	$ 853,574

(1) The stock options shown in the table above were granted to the named executive officers on October 15, 2004 (subject to stockholder approval of FNF s 2004 Omnibus Incentive Plan on December 16, 2004) at an exercise price of $36.60, the fair market value of FNF s Common Stock on the date of grant. All such options were granted under FNF s 2004 Omnibus Incentive Plan and vest in three equal annual installments beginning on the first anniversary of the date of grant. Vesting is accelerated upon a change in control of FNF occurring more than one year after grant.

(2) The stock options shown in the table above were granted to the named executive officers on September 10, 2004 at an exercise price of $37.32, the fair market value of FNF s common stock on

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the date of grant. The exercise price of, and the number of shares underlying, the stock options were subsequently adjusted pursuant to the anti-dilution provisions of the 1998 plan to account for the payment of a special $10 per share cash dividend by FNF on March 28, 2005. All of such options were granted under FNF s 1998 Plan and vest in three equal annual installments beginning on the first anniversary of the date of grant. Vesting is accelerated upon a change in control of FNF occurring more than one year after the date of grant.

(3) These are assumed rates of appreciation, and are not intended to forecast future appreciation of FNF s common stock.

The following table summarizes information regarding exercises of FNF stock options by the named executive officers during 2004 and unexercised FNF options held by them as of December 31, 2004.

Aggregated FNF Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at December 31, 2004 Exercisable/	Unexercisable	Value of Unexercised In-the-Money Options at December 31, 2004(1)($) Exercisable/	Unexercisable
Raymond R. Quirk		$	498,827	177,152	$ 11,940,537	$ 1,854,020
Christopher Abbinante	22,355	$ 2,054,540	21,058	127,457	$ 246,628	$ 1,062,823
Roger S. Jewkes		$	27,145	98,013	$ 573,718	$ 663,409
Erika Meinhardt	3,300	$ 85,511	133,336	115,546	$ 3,328,553	$ 815,981
Anthony J. Park		$	90,005	29,039	$ 2,564,087	$ 206,454

(1) In accordance with the rules of the Securities and Exchange Commission, values are calculated by subtracting the exercise price from the fair market value of the underlying common stock. For purposes of this table, the fair market value is deemed to be $45.67, the closing price of the common stock of FNF reported by the NYSE on December 31, 2004.

Treatment of FNF Stock Options and Restricted Shares

It is anticipated that, at the time of the distribution, FNF stock options and restricted stock held by our employees and directors will be affected as follows:

stock options: FNF stock options will be equitably adjusted to reflect the impact of the distribution. Holders of FNF stock options will continue to hold such options, as adjusted, pursuant to the terms and conditions of their individual award agreements; and

restricted stock: holders of FNF restricted stock will receive unrestricted FNT shares in the distribution in the same proportion as other FNF stockholders. Such holders will continue to hold FNF restricted stock pursuant to the terms and conditions of their individual award agreements.

Omnibus Incentive Plan

In connection with this distribution, we intend to establish a 2005 Omnibus Incentive Plan, or *omnibus plan.* The omnibus plan will permit us to grant the following types of awards:

nonqualified stock options;

incentive stock options within the meaning of section 422 of the Internal Revenue Code;

stock appreciation rights;

restricted stock;

restricted stock units;

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performance shares;

performance units; and

other cash and stock-based awards.

Recipients of awards under the omnibus plan may also be awarded dividends and dividend equivalents in connection with their awards.

The following is a description of the omnibus plan and the awards that may be made in connection with and after the distribution.

Effective date and term. The omnibus plan will become effective on or before the distribution, and will authorize the granting of awards for up to 10 years.

Administration. The omnibus plan may be administered by our compensation committee or another committee selected by our board of directors, any of which we refer to as the *committee.* The committee will be able to select the individuals who will receive awards; determine the size and types of awards; determine the terms and conditions of awards; construe and interpret the omnibus plan and any award agreement or other instrument entered into under the omnibus plan; establish, amend and waive rules and regulations for the administration of the omnibus plan; and amend awards. The committee s determinations and interpretations under the omnibus plan will be binding on all interested parties. The committee will be empowered to delegate its administrative duties and powers as it may deem advisable, to the extent permitted by law.

Eligibility. Incentive stock options may be granted only to our employees and employees of our parent and our subsidiaries. Other awards may be granted to employees, directors, consultants and advisors of ours and of our parent and subsidiaries.

Number of shares available for issuance. Subject to adjustment as described below, shares of our common stock may be issued in connection with awards granted under the omnibus plan. The maximum number of shares that may be issued under the omnibus plan in connection with full-value awards (awards other than (1) options, (2) stock appreciation rights or (3) other awards for which the participant pays the grant date intrinsic value) is shares. If settlement of a full-value award results in the delivery of shares in excess of the above limit, the aggregate number of shares available for awards other than full-value awards will be reduced by shares for each excess share delivered.

We may grant replacement awards in connection with mergers, acquisitions or other business transactions in which we engage in the future. These replacement awards will be treated as granted under the omnibus plan.

If an award under the omnibus plan is canceled, forfeited, terminates or is settled in cash, the shares related to that award will not be treated as having been delivered under the omnibus plan. In addition, subject to limitations intended to comply with the NYSE listing standards, shares that we hold back or that are tendered or returned by an award holder to cover the exercise price of an option or the tax withholding obligations relating to an award shall be considered shares not issued in connection with an award.

Annual award limits. The omnibus plan also contains annual award limitations. These provisions are designed so that compensation resulting from awards can qualify as tax deductible performance-based compensation under section 162(m) of the Internal Revenue Code before and after the 162(m) transition period described below. These limitations only apply to awards or related dividends or dividend equivalents intended to qualify as performance-based compensation. The maximum number of our shares with respect to which stock options or stock appreciation rights may be granted to any participant in any fiscal year is shares. The maximum number of our shares of restricted stock that may be granted to any participant in any fiscal year is shares. The maximum number of our shares with respect to which restricted stock units may be granted to any participant in any fiscal year is shares. The maximum number of our shares with respect to which performance shares may be granted to any participant in any fiscal year is shares. The maximum amount of compensation that may be paid with respect to performance units awarded to any participant in any fiscal year is $ or a number of shares having a fair market value not in excess of that amount. The maximum number of our shares with respect to which other stock-based awards may be granted to any participant in any fiscal year is shares. The maximum dividend or dividend equivalent that may be paid to any one participant in any one fiscal year is $.

Adjustments. In the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, distribution, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting our common stock, such adjustment will be made to the number and kind of shares that may be delivered under the omnibus plan, the annual award limits, the number and kind of shares subject to outstanding awards, the exercise price, grant price or other price of shares subject to outstanding awards, any performance conditions relating to our common stock, the market price of our common stock, or per-share results, and other terms and conditions of outstanding awards, as may be determined to be appropriate and equitable by the committee to prevent dilution or enlargement of rights.

Awards. Following is a general description of the types of awards that may be delivered under the omnibus plan. Terms and conditions of awards will be determined on a grant-by-grant basis by the committee, subject to limitations contained in the omnibus plan.

Stock options. A participant granted a stock option will be entitled to purchase a specified number of shares of our common stock during a specified term at a fixed price. Except for replacement options and options that are adjusted by the committee in connection with adjustments, as described above, the per share purchase price of shares subject to options granted under the omnibus plan may not be less than 100% of the fair market value of our common stock on the date the option is granted. No option granted under the omnibus plan may have a term of more than 10 years. The committee may also award dividend equivalent payments in connection with such awards.

Stock appreciation rights. A participant granted a stock appreciation right will be entitled to receive the excess of the fair market value (calculated as of the exercise date) of a share of our common stock over the grant price of the stock appreciation right in cash, our shares of common stock or a combination of cash and shares. Except for replacement stock appreciation rights and stock appreciation rights adjusted by the committee in connection with adjustments, as described above, the grant price of a stock appreciation right granted under the omnibus plan may not be less than 100% of the fair market value of our common stock on the date the option is granted, and no stock appreciation right granted under the omnibus plan may have a term of more than 10 years. The committee may also award dividend equivalent payments in connection with such awards.

Restricted stock. Restricted stock is an award that is non-transferable and subject to a substantial risk of forfeiture until vesting conditions, which can be related to continued service or other conditions established by the committee, are satisfied. Prior to vesting, holders of restricted stock may receive dividends and voting rights. If the vesting condition is not satisfied, the participant forfeits the shares. The committee may also award dividend equivalent payments in connection with such awards.

Restricted stock units and performance shares. Restricted stock units and performance shares represent a right to receive a share of common stock, an equivalent amount of cash, or a combination of shares and cash, as the committee may determine, if vesting conditions are satisfied. Except for replacement restricted stock units and performance shares and restricted stock units and performance shares adjusted by the committee in connection with adjustments, as described above, the initial value of a restricted stock unit or performance share granted under the omnibus plan may not be less than 100% of the fair market value of our common stock on the date the award is granted. The committee may also award dividend equivalent payments in connection with such awards. Restricted stock units may contain vesting conditions based on continued service or other conditions established by the committee. Performance shares will contain vesting conditions based on attainment of performance goals established by the committee in addition to service conditions.

Performance units. Performance units are awards that entitle a participant to receive shares of common stock, cash or a combination of shares and cash if certain performance conditions are satisfied. The amount received depends upon the value of the performance units and the number of performance units earned, each of which is determined by the committee. The committee may also award dividend equivalent payments in connection with such awards.

Other cash and stock-based awards. Other cash and stock-based awards are awards other than those described above, the terms and conditions of which are determined by the committee. These awards may include, without limitation, the grant of shares of our common stock based on attainment of performance goals established by the committee, the payment of shares as a bonus or in lieu of cash based on attainment of performance goals established by the committee, and the payment of shares in lieu of cash under an incentive or bonus program. Payment under or settlement of any such awards shall be made in such manner and at such times as the committee may determine.

Dividend equivalents. Dividend equivalents granted to participants will represent a right to receive payments equivalent to dividends or interest with respect to a specified number of shares.

Performance-based compensation. The committee may specify that the attainment of the general performance measures set forth below may determine the degree of granting, vesting and/or payout with respect to awards (including any related dividends or dividend equivalents) that the committee intends will qualify as performance-based compensation under section 162(m) of the Internal Revenue Code. The performance goals to be used for such awards must be chosen from among the following performance measure(s): earnings per share, economic value created, market share (actual or targeted growth), net income (before or after taxes), operating income, adjusted net income after capital charge, return on assets (actual or targeted growth), return on capital (actual or targeted growth), return on equity (actual or targeted growth), return on investment (actual or targeted growth), revenue (actual or targeted growth), cash flow, operating margin, share price, share price growth, total stockholder return, and strategic business criteria, consisting of one or more objectives based on meeting specified market penetration goals, productivity measures, geographic business expansion goals, cost targets, customer satisfaction or employee satisfaction goals, goals relating to merger synergies, management of employment practices and employee benefits, or supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates or joint ventures. The targeted level or levels of performance with respect to such performance measures may be established at such levels and on such terms as the committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies. Awards (including any related dividends or dividend equivalents) that are not intended to qualify as performance-based compensation may be based on these or such other performance measures as the committee may determine.

Change in control. The omnibus plan will provide that, except as otherwise provided in a participant s award agreement, upon the occurrence of a change in control, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, any and all outstanding options and stock appreciation rights granted under the omnibus plan will become immediately exercisable, any restriction imposed on restricted stock, restricted stock units and other awards granted under the omnibus plan will lapse, and any and all performance shares, performance units and other awards granted under the omnibus plan with performance conditions will be deemed earned at the target level, or, if no target level is specified, the maximum level.

For purposes of the omnibus plan, the term change in control is defined as the occurrence of any of the following events:

an acquisition immediately after which any person, group or entity possesses direct or indirect beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 25% or more of either our outstanding common stock or our outstanding voting securities, provided that, after the acquisition, the acquirer s beneficial ownership percentage exceeds FNF s, and excluding any acquisition directly from us, by us, by FNF or by any of our employee benefit plans and certain other acquisitions;

during any period of two consecutive years, the individuals who, as of the beginning of such period, constitute our board, or *incumbent board,* cease to constitute at least a majority of the board, provided that any individual who becomes a member of our board subsequent to the beginning of such period and whose election or nomination was approved by at least two thirds of the members of the incumbent board will be considered as though he or she were a member of the incumbent board;

the consummation of a reorganization, merger, share exchange or consolidation or sale or other disposition of all or substantially all of our assets unless (a) our stockholders immediately before the transaction continue to have beneficial ownership of 50% or more of the outstanding shares of our common stock and the combined voting power of our then outstanding voting securities resulting from the transaction in substantially the same proportions as their ownership immediately prior to the transaction of our common stock and outstanding voting securities; (b) no person (other than us, our parent organization (or the parent organization of the resulting corporation), an employee benefit plan sponsored by us or the resulting corporation, or any entity controlled by us or the resulting corporation) has beneficial ownership of 25% or more of the outstanding common stock of the resulting corporation or the combined voting power of the resulting corporation s outstanding voting securities; and (c) individuals who were members of the incumbent board continue to constitute a majority of the members of the board of directors of the resulting corporation; or

our stockholders approve a plan or proposal for the complete liquidation or dissolution of our company.

Notwithstanding the foregoing requirements, this distribution shall not constitute a change in control for purposes of the omnibus plan.

In addition, as long as FNF owns more than 50% of our common stock or voting securities, a change in control of FNF will also be considered a change in control for purposes of the omnibus plan. For this purpose, whether a change in control of FNF has occurred is determined in the same manner as described above, except that if the change in control is the result of an acquisition of FNF s outstanding common stock or outstanding voting securities, more than 50% of FNF s common stock or voting securities must be acquired before a change in control will be deemed to have occurred.

Deferrals. The committee may permit the deferral of vesting or settlement of an award and may authorize crediting of dividends or interest or their equivalents in connection with any such deferral. Any such deferral and crediting will be subject to the terms and conditions established by the committee and any terms and conditions of the plan or arrangement under which the deferral is made.

Transferability. Awards generally will be non-transferable except upon the death of a participant, although the committee may permit a participant to transfer awards (for example, to family members or trusts for family members) subject to such conditions as the committee may establish.

Amendment and termination. The omnibus plan may be amended or terminated by our board of directors at any time, subject to certain limitations, and the awards granted under the plan may be amended or terminated by the committee at any time, provided that no such action may, without a participant s written consent, adversely affect in any material way any previously granted award. No amendment that would require stockholder approval under applicable law may become effective without stockholder approval.

Tax withholding. We may deduct or withhold, or require a participant to remit, an amount sufficient to satisfy federal, state, local, domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising as a result of the omnibus plan. The committee may require or permit participants to elect that the withholding requirement be satisfied, in whole or in part, by having us

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withhold, or by tendering to us, shares of our common stock having a fair market value equal to the withholding obligation.

Certain limitations on deductibility of executive compensation. With some exceptions, section 162(m) of the Internal Revenue Code limits a publicly held company s ability to deduct compensation paid to its chief executive officer and the next four most highly compensated officers to the extent such compensation exceeds $1 million per executive per taxable year. Compensation paid to employees will not be subject to that deduction limit if it is considered performance-based compensation within the meaning of section 162(m) of the Internal Revenue Code. Compensation to be paid to employees under the omnibus plan is generally intended to be qualified performance-based compensation; however, the company reserves the right to grant awards that do not qualify as performance-based compensation when it determines that such compliance is not desirable. A special transition rule applies under section 162(m) when a company that is part of an affiliated group of companies with a publicly-traded parent company becomes a separate publicly-traded company. Under this transition rule, compensation paid and awards of stock options, stock appreciation rights or restricted stock granted under the omnibus plan during a transition period may qualify as performance-based compensation if certain conditions are met. The transition period ends on the first regularly scheduled meeting of our shareholders that occurs more than 12 months after the date of the distribution. Compensation attributable to awards granted after the transition period ends will only be able to qualify as performance-based compensation if shareholders approve certain material terms of the plan at, or before, that meeting.

Awards in connection with the distribution. On the date of our distribution, we anticipate granting to our executive officers, employees and directors nonqualified stock options to purchase an aggregate of million shares of our common stock, with Messrs. Quirk, Abbinante, Jewkes, Park and Ms. Meinhardt being granted options to purchase , , , and shares, respectively. The exercise price of these options will be equal to the closing price of our Class A Common Stock on the NYSE on the date of distribution. These options will vest in % annual increments commencing on the anniversary of the date of grant.

It may be necessary to amend the Omnibus Plan and outstanding awards under the Omnibus Plan to comply with section 409A of the Internal Revenue Code, a new tax law applicable to deferred compensation arrangements. We will make any such amendments within the time period permitted for such amendments. Current guidance requires that such amendments be made by December 31, 2005. In the interim, we will administer the plans and awards made under the plans in accordance with existing guidance relating to section 409A whether or not the Omnibus Plan or award agreement provides otherwise.

Employment Agreements

We intend to enter into employment agreements with Messrs. Quirk, Abbinante, Jewkes, Park and Ms. Meinhardt prior to the completion of the distribution.

OUR ARRANGEMENTS WITH FNF

Overview

Historically, FNF and its subsidiaries have provided a variety of services to us, and we have provided various services to FNF and its subsidiaries. These existing arrangements are described below under Certain Relationships and Related Transactions Historical Related-Party Transactions.

Below is a summary description of various new agreements that we will enter into with FNF and its subsidiaries in connection with the distribution. This description summarizes the material terms of these agreements, but is not complete. You should review the full text of these agreements, which will be filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part.

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Our Arrangements with FNF

The new agreements we will enter with FNF will include:

- the separation agreement;
- corporate services agreements;
- the new notes payable to FNF;
- a tax matters agreement;
- an employee matters agreement;
- a registration rights agreement;
- an intellectual property cross license agreement; and
- a sublease agreement.

The new agreements we will enter into with FIS are discussed separately below under Our Arrangements with FIS.

Separation Agreement

We will enter into a separation agreement with FNF prior to the completion of the distribution.

No Representations and Warranties. The separation agreement will provide that FNF will make no representation or warranty as to the condition or quality of any subsidiary contributed to us as part of the restructuring of FNF in connection with the distribution or any other matters relating to our businesses. We will have no recourse against FNF if the transfer of any subsidiary to us is defective in any manner. We will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

Access to Financial and Other Information. Under the separation agreement, following the distribution, we and FNF will be obligated to provide each other access to certain information, subject to confidentiality obligations and other restrictions. So long as FNF is required to consolidate our results of operations and financial position or to account for its investment in our company on the equity method of accounting, we will provide to FNF and its independent auditors, at no charge, all financial information and other data that FNF requires in order to timely prepare its financial statements and reports or filings with governmental authorities or to issue its earnings releases, including copies of all quarterly and annual historical financial information and other reports and documents we intend to file with the Securities and Exchange Commission prior to these filings (as well as final copies upon filing), and copies of our budgets and financial projections as well as access to the responsible company personnel so that FNF and its independent auditors may conduct their audits relating to our financial statements. We will also agree that, so long as FNF is required to consolidate our results of operations and financial position or account for its investment in our company on the equity method of accounting, we will use our reasonable efforts to enable our independent auditors to complete their audit of our financial statements in a timely manner so as to permit the timely filing of FNF s financial statements. In addition, we and FNF will use reasonable efforts to make available to each other our respective past and present directors, officers, other employees and agents as witnesses in any legal, administrative or other proceedings in which the other party may become involved. We and FNF will each retain all proprietary information within each company s respective possession relating to our respective businesses for an agreed period of time and, prior to destroying the information, each of us must give the other notice and an opportunity to take possession of the information, if necessary or appropriate to the conduct of the respective businesses. We and FNF will each agree to hold in strict confidence all information concerning or belonging to the other for an agreed period of time.

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Exchange of Other Information. The separation agreement will also provide for other arrangements with respect to the mutual sharing of information between us and FNF in order to comply with requirements imposed on the requesting party by any governmental authority, including any reporting, filing, audit, accounting, tax or similar requirements, for use in judicial proceedings, and in order to comply with our respective obligations following the completion of this offering. We will also agree to provide mutual access to historical records relating to businesses that may be in our possession.

Releases and Indemnification. Except for each party s obligations under the separation agreement, the other transaction documents and certain other specified liabilities, we and FNF will release and discharge each other and each of our affiliates from all liabilities existing or arising between us on or before the distribution, including in connection with the distribution and this offering. The release will not extend to obligations or liabilities under any agreements between FNF and us that remain in effect following the distribution.

We will indemnify, hold harmless and defend FNF, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations of our business, whether arising before or after the distribution;

any guarantee, indemnification obligation, surety bond or other credit support arrangement by FNF or any of its affiliates for our benefit;

any breach by us or any of our affiliates of the separation agreement, certain of the other transaction documents, any other agreement to which we or our affiliates are a party, our certificate of incorporation or by-laws or any law or regulation;

any untrue statement of, or omission to state, a material fact in FNF s public filings to the extent it was as a result of information that we furnished to FNF or which FNF incorporated by reference from our public filings, if that statement or omission was made or occurred after the distribution;

any untrue statement of, or omission to state, a material fact in any registration statement or prospectus we may prepare or any of our other public filings, except to the extent the statement was made or omitted in reliance upon information provided to us by FNF expressly for use in any registration statement or prospectus or information relating to and provided by any underwriter expressly for use in any registration statement or prospectus; and

any actions or liability imposed by governmental authorities on our businesses.

FNF will indemnify, hold harmless and defend us, each of our affiliates and each of our and their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

the failure of FNF or any affiliate of FNF or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of FNF or its affiliates other than liabilities of our businesses, whether arising before or after the distribution;

any guarantee, indemnification obligation, surety bond or other credit support arrangement by us or any of our affiliates for the benefit of FNF;

any breach by FNF or any of its affiliates of the separation agreement or certain of the other transaction documents, any other agreement to which FNF or its affiliates are a party, FNF s certificate of incorporation or bylaws, or any law or regulation;

any untrue statement of, or omission to state, a material fact in our public filings to the extent it was as a result of information that FNF furnished to us or which we incorporated by reference from FNF s public filings;

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any untrue statement of, or omission to state, a material fact contained in any registration statement or prospectus we may prepare, but only to the extent the untrue statement or omission was made or omitted in reliance upon information provided by FNF expressly for use in any registration statement or prospectus;

any actions or liability imposed by governmental authorities on FNF s business; and

any action or liability arising as a result of the distribution.

The separation agreement will also specify procedures with respect to claims subject to indemnification and related matters and provide for contribution in the event that indemnification is not available to an indemnified party. All indemnification amounts will be reduced by any insurance proceeds and other offsetting amounts recovered by the party entitled to indemnification.

Covenants and Other Provisions. The separation agreement also will contain covenants between FNF and us with respect to various matters, including mutual confidentiality of our and FNF s information, and litigation and settlement cooperation between us and FNF on pending or future litigation matters. In addition, we will agree that, so long as FNF beneficially owns or controls 50% or more of our outstanding common stock, we will not, without FNF s prior consent:

take any action or enter into any agreement that would cause FNF to violate any law, agreement or judgment;

take any action that limits FNF s ability to freely sell, transfer, pledge or otherwise dispose of our stock;

issue any shares of our capital stock or any rights, warrants or options to acquire our capital stock, if after giving effect to the issuances and considering all of the shares of our capital stock which may be acquired under the rights, warrants and options outstanding on the date of the issuance, FNF would own less than 50% of our outstanding capital stock which is entitled to vote generally in the election of directors; or

enter into any agreement that binds or purports to bind FNF.

The separation agreement will also provide that any proposed intercompany transactions, including material amendments to the separation agreement and the other agreements related to the distribution, must be approved by a majority of our disinterested directors.

Expenses of the Distribution. In general, the separation agreement will provide that we will pay all costs incurred in connection with the distribution.

Dispute Resolution Procedures. The separation agreement will provide that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the separation agreement. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 30 days, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days of the selection of a mediator, either party may submit the dispute to binding arbitration before an arbitrator. The arbitrator will determine the dispute in accordance with New York law. These dispute resolution procedures will not apply to any dispute or claim related to FNF s rights as a holder of our common stock and both parties will submit to the exclusive jurisdiction of the Delaware courts for resolution of these disputes. In addition, both parties will be permitted to seek injunctive or interim relief in the event of any actual or threatened breach of the provisions of the separation agreement relating to confidentiality. If an arbitral tribunal has not been appointed, both parties may seek injunctive or interim relief from any court with jurisdiction over the matter.

Termination. The separation agreement can be terminated only by the mutual consent of both parties.

FNF Corporate Services Agreements

We will enter into a corporate services agreement with FNF under which we will provide corporate and other support services to FNF. The corporate services agreement will govern the provision by us to FNF of these corporate support services, which may include:

- treasury, cash management and related services;
- accounting, billing and financial transaction support;
- tax services;
- corporate, legal and related services;
- risk management and corporate insurance;
- payroll and human resources and employee benefits administration;
- information technology, network systems, data processing and related services;
- purchasing and procurement;
- travel; and
- other general administrative and management functions.

We will also enter into a separate corporate services agreement with FNF, under which it will provide us senior management consulting services, including time and attention of its chief executive officer, chief financial officer, other senior officers, legal department and mergers and acquisitions staff.

We also will agree to provide each other additional services that we and FNF may identify during the term of the agreements.

Provision of Services. Under the terms of the corporate services agreements, each party will render these services under the oversight, supervision, and approval of the other, acting through its respective board of directors and officers. FNF and we will each have the right to purchase goods or services and realize other benefits and rights under the other party s agreements with third-party vendors to the extent allowed by those vendor agreements, during the term of the agreement.

Pricing and Payment Terms. The pricing for the services to be provided by us to FNF, and by FNF to us, under the corporate services agreements is on a cost-only basis, with each party in effect reimbursing the other for the costs and expenses incurred in providing these corporate services to the other party. Under the corporate service agreement for corporate services to be provided by us to FNF, our costs and expenses will be determined and reimbursed by FNF as follows: (i) all out of pocket expenses and costs incurred by us on FNF s behalf will be fully reimbursed, and (ii) all of our staff and employee costs and expenses associated with performing services under the corporate services agreement, including compensation paid to our employees performing these corporate services as well as general overhead associated with these employees and their functions, will be allocated based on the percentage of time that our employees spend on providing corporate services to FNF under the corporate services agreement. FNF s costs and expenses incurred in providing corporate services to us will be similarly determined and reimbursed. These costs and expenses will be invoiced by each party to the other on a monthly basis in arrears. Payments are expected to be made in cash within thirty days after invoicing.

For the year ended December 31, 2004, our expenses were reduced by \$9.4 million related to the provision of these services by us to FNF and its subsidiaries (other than FIS). In addition, for 2004 our expenses included \$3.2 million of costs associated with persons who will be FNF executives after the distribution but for whose time we will be charged after the distribution under the corporate services agreement pursuant to which FNF will provide services to us. While the exact amounts to be paid by FNF to us, and by us to FNF, under the corporate services agreements are dependent upon the amount of services actually provided in any given year, we do not anticipate that the level of services to be provided, or the total amounts to be paid by each entity to the other for services during the 2005 fiscal year, will differ materially from the total amounts recorded during the 2004 fiscal year for these corporate services. See Certain Relationships and Related Transactions Historical Related-Party Transactions Corporate Services.

Duration and Effect of Termination. The corporate services agreements will continue in effect as to each service covered by the agreements until the party receiving the services notifies the other party, in accordance with the terms and conditions set forth in the agreements and subject to certain limitations, that the service is no longer requested. However, if FNF ceases to own 50% or more of our voting stock or ceases to have 50% or more of the voting control for the election of our directors, then the corporate services agreements will terminate after six months. In addition, services to be provided to any subsidiary terminate on the date that the entity ceases to be a subsidiary of the party receiving the services. Under the corporate services agreements, if the party providing the services receives notice that the party receiving services would like to terminate a particular service, and the providing party believes in good faith that, notwithstanding its reasonable commercial efforts, the termination will have a material adverse impact on the other services being provided, then the party providing services can dispute the termination, with the dispute being resolved through the dispute resolution generally applicable to the agreements. When the agreements are terminated, FNF and we would arrange for alternate suppliers or hire additional employees for all the services important to our respective businesses. However, if we have to replicate facilities, services, or employees that we are not using full time, our costs could increase.

Liability and Indemnification. The corporate services agreements will provide that the provider of services will not be liable to the receiving party for or in connection with any services rendered or for any actions or inactions taken by a provider in connection with the provision of services, except to the extent of liabilities resulting from the provider s gross negligence, willful misconduct, improper use or disclosure of customer information or violations of law and except for liabilities that arise out of intellectual property infringement. Additionally, the receiving party will indemnify the provider of services for any losses arising from the provision of services, provided that the amount of any losses will be reduced by the amount of the losses caused by the provider s negligence, willful misconduct, violation of law, or breach of the agreement.

Dispute Resolution Procedures. The corporate services agreements will provide dispute resolution procedures that reflect the parties desire for friendly collaboration and amicable resolution of disagreements. In the event of a dispute, the matter is referred to the president (or similar position) of each of the divisions implicated for resolution within 15 days. If the division presidents of the parties are unable to resolve the dispute, the matter is referred to the presidents of FNF and our company for final resolution within 15 days. If the matter remains unresolved, then either party may submit the matter to arbitration. The dispute resolution procedures do not preclude either party from pursuing immediate injunctive relief in the event of any actual or threatened breach of confidentiality or infringement of intellectual property.

New Notes Payable to FNF

We intend to issue two $250 million intercompany notes payable to FNF, with terms that mirror FNF s existing $250 million 7.30% public debentures due in August 2011 and $250 million 5.25% public debentures due in March 2013. Proceeds from the issuance of the 2011 public debentures were used by FNF to repay debt incurred in connection with the acquisition of our subsidiary, Chicago Title, and the proceeds from the 2013 public debentures were used for general corporate purposes. Following issuance of the intercompany notes, we may make an exchange offer in which we would offer to exchange the outstanding FNF notes for notes we would issue having substantially the same terms and deliver the FNF notes received to FNF to reduce the debt under the intercompany notes. See Liquidity and Capital Resources.

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Tax Matters Agreement

In connection with the distribution, we and FNF will enter into a tax matters agreement, which will govern the respective rights, responsibilities, and obligations of FNF and us after this offering with respect to tax liabilities and refunds, tax attributes, tax contests and other matters regarding income taxes, taxes other than income taxes and related tax returns. The tax matters agreement will govern these tax matters as they apply to us and to all of our subsidiaries other than our subsidiaries that are the title insurance companies. Our title insurance companies are parties to various tax sharing agreements with FNF. See Certain Relationships and Related Transactions Historical Related Party Transactions Tax Sharing Agreements .

Allocation of Tax Liability. The tax matters agreement will provide for the allocation and payment of taxes for periods during which we and FNF are included in the same consolidated group for federal income tax purposes or the same consolidated, combined or unitary returns for state tax purposes, the allocation of responsibility for the filing of tax returns, the conduct of tax audits and the handling of tax controversies, and various related matters. Under the tax matters agreement, FNF will be primarily responsible for preparing and filing any tax return with respect to the FNF affiliated group for U.S. federal income tax purposes and with respect to any consolidated, combined or unitary group of which FNF or any of its subsidiaries is the filing parent for U.S. state or local income tax purposes. We generally will be responsible for preparing and filing any federal tax returns that include only us and our subsidiaries and any U.S. state and local tax returns for which we or any of our subsidiaries is the filing parent. For periods during which we are included in FNF s consolidated federal income tax returns or state consolidated, combined, or unitary tax returns, we generally will be required to pay an amount of income tax equal to the amount we would have paid had we filed tax returns as a separate entity. We will be responsible for our own separate tax liabilities that are not determined on a consolidated or combined basis. We will also be responsible in the future for any increases of consolidated tax liability of FNF that are attributable to us and will be entitled to refunds for reductions of tax liabilities attributable to us for prior periods. We will be included in FNF s consolidated group for federal income tax purposes so long as FNF beneficially owns at least 80% of the total voting power and value of our outstanding common stock. Each corporation that is a member of a consolidated group during any portion of the group s tax year is severally liable for the federal income tax liability of the group for that year. While the tax matters agreement will allocate tax liabilities between FNF and us, we could be liable in the event federal tax liability allocated to FNF is incurred but not paid by FNF or any other member of FNF s consolidated group for FNF s tax years that include these periods. In this event, we would be entitled to indemnification by FNF under the tax matters agreement.

Tax Disputes and Contests. Generally, for periods in which we are included in FNF s consolidated federal income tax return, or state consolidated, combined, or unitary tax returns, we will control tax contests to the extent the underlying tax liabilities would be allocated to us under the tax matters agreement, and FNF will control all tax contests to the extent the underlying tax liabilities would be allocated to FNF under the tax matters agreement. We generally have authority to control tax contests with respect to tax returns that include only our subsidiaries and us. Disputes arising between us and FNF related to matters covered by the tax matters agreement are subject to resolution though specific dispute resolutions provisions described in the tax matters agreement.

Employee Matters Agreement

Historically, our employees have participated in various health, welfare, and retirement plans and programs sponsored by FNF. After the distribution, our employees will continue to participate in these FNF-sponsored plans through the operation of the employee matters agreement.

Specifically, under the employee matters agreement, our employees will continue to be eligible (subject to generally applicable plan limitations and eligibility conditions) to participate in FNF s 401(k) plan and its health, dental, disability, and other welfare benefit plans. Our employees will administer the

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FNF plans. Our employees participation in FNF s plans will continue until it is determined that it would be beneficial for us to establish separate plans for our employees.

Under the employee matters agreement, as long as our employees participate in FNF s plans, we will be required to contribute to the plans the cost of our employees participation in such plans. Such costs will include, for example, payment of 401(k) matching contributions for our employees and payment of the employer portion of the cost of health, dental, disability and other welfare benefits provided to our employees. Since our employees administer the plans, we will not be charged an administrative expense for participation.

Our contributions to FNF s plans for our employees during the 2004 fiscal year were $108.2. The contributions we will be required to make to FNF s plans in future years under the employee matters agreement depends on factors that we cannot predict with certainty at this point, such as the level of employee participation and the costs of providing health, dental and other benefits. Nevertheless, we do not anticipate that the contributions we will be required to make to the plans under the employee matters agreement will differ materially from the total amount we contributed for the 2004 fiscal year.

To the extent our employees hold FNF stock-based incentives, such as FNF stock options or restricted stock, related accounting charges under SFAS 123 or SFAS 123® will be allocated to us by treating any such accounting charges that are recognized by FNF as FNF contributions to our capital.

Registration Rights Agreement

Because FNF is not divesting itself of all of its shares of our common stock as part of the distribution, FNF would not be able to freely sell our shares without registration under the Securities Act of 1933 (Securities Act) or a valid exemption therefrom. Accordingly, we will enter into a registration rights agreement with FNF requiring us, under certain circumstances, to register our shares beneficially owned by FNF following the distribution. These registration rights will generally become effective at the time of the distribution.

Demand Registration Rights. Under the registration rights agreement, FNF will have the right to require us to register for offer and sale all or a portion of our shares beneficially owned by FNF, which we refer to as a *demand registration.* The maximum number of demand registrations that we are required to effect is two per year and the number of shares to be registered in each demand registration must have an aggregate expected offering price of at least $25 million.

Piggy-Back Registration Rights. In addition, FNF will have the right, subject to certain conditions, which it may exercise at any time, to include its shares in any registration of common stock that we may make in the future, commonly referred to as a *piggy-back* registration right, if our registration would permit the inclusion.

Terms of Offering. FNF will have the right to designate the terms of each offering effected pursuant to a demand registration, which may take any form, including a shelf registration, a convertible registration or an exchange registration. We will agree to cooperate fully in connection with any registration for FNF s benefit and with any offering FNF makes under the registration rights agreement. We will also agree to pay for the costs and expenses related to shares sold by FNF in connection with any registration covered by the agreement, except that FNF will be responsible for any applicable registration or filing fees with respect to the shares being sold by FNF. The registration rights of FNF will be transferable by FNF and will be for an indefinite term. In addition, the registration rights agreement will contain indemnification and contribution provisions with respect to information included in any registration statement, prospectus or related documents.

Timing of Demand Registrations. We will not be required to undertake a demand registration within 90 days of the effective date of a previous demand registration, other than a demand registration that was effected as a shelf registration. In addition, we will generally have the right (which may be exercised once in any 12-month period) to postpone the filing or effectiveness of any demand registration for up to 90 days, if we determine that the registration would be reasonably expected to have a material adverse effect on any then-active proposals to engage in certain material transactions or would otherwise disadvantage us through premature disclosure of pending developments.

Duration. The registration rights under the registration rights agreement will remain in effect with respect to our shares until: (i) the shares have been sold pursuant to an effective registration statement under the Securities Act; (ii) the shares have been sold to the public pursuant to Rule 144 under the Securities Act (or any successor provision); (iii) the shares have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer have been delivered by us, and subsequent public distribution of the shares does not require registration or qualification under the Securities Act or any similar state law; (iv) the shares have ceased to be outstanding; or (v) in the case of shares held by a transferee of FNF, when the shares become eligible for sale pursuant to Rule 144(k) under the Securities Act (or any successor provision).

Intellectual Property Cross License Agreement

Historically, we and our subsidiaries were permitted, as subsidiaries of FNF, to utilize various trademarks, copyrights, trade secrets and know-how, patents and other intellectual property owned by FNF and its other subsidiaries but used by us in the conduct of our title insurance business. Likewise, FNF and its other subsidiaries were permitted to utilize various trademarks, copyrights, trade secrets and know-how, patents and other intellectual property owned by us and our subsidiaries but used by them in the conduct of their business. The intellectual property cross license agreement will permit each entity to continue to have access to those items of intellectual property that it does not own, but utilizes in the conduct of its business, so that each group can continue to grow and develop its respective businesses and markets after the distribution. This agreement will govern the respective responsibilities and obligations between us and FNF with respect to the applicable intellectual property. The intellectual property licensed by FNF to us will include the use of the name Fidelity National and the logo widely used by our company and our subsidiaries.

Terms of the Cross License. The intellectual property to be licensed by or to us, and by or to FNF, relates to a variety of aspects of the title insurance and other lines of business in which we and FNF and our respective subsidiaries are engaged. With respect to each item of intellectual property to be licensed, the party that owns the intellectual property as of the date of the distribution will continue to own the item, but will grant a broad license for use of the intellectual property item to the other party without giving up any ownership rights. Subject to certain limitations and early termination events (limited to bankruptcy, insolvency and the like, or if FNF ceases to own 50% or more of our voting stock or ceases to have 50% or more of the voting control for the election of our directors), the licenses are perpetual, irrevocable, and non-terminable. In addition, as to each item of intellectual property, the license to any subsidiary terminates on the date that the entity ceases to be a subsidiary of the party receiving the benefit of the license. The licenses are also non-exclusive and allow the licensing party to fully utilize its intellectual property, including the granting of licenses to third parties.

Pricing and Payment Terms. Given the nature of the intellectual property to be licensed and the historical relationship between the parties, we and FNF have determined that the licenses to each party should be royalty-free with the consideration for each party s license of its intellectual property being the receipt of a license of the other s intellectual property. As a result, no payments will be made to us or received by us under the intellectual property cross license agreement.

Sublease Agreement

We will enter into a sublease agreement pursuant to which we will sublease to FNF a portion of the space that we are leasing from a subsidiary of FIS. See Our Arrangements with FIS Lease Agreement. The sublease arrangement with FNF will continue until December 31, 2007, which is the date on which our lease with the FIS subsidiary expires by its terms.

Pricing and Payment Terms. Pursuant to the sublease agreement, FNF is obligated to pay rent for approximately square feet on terms and at rental rates that mirror our obligations under our lease agreement with the FIS subsidiary. This includes both the base rent amount as well as the additional rent required under our lease. If FNF fails to pay timely, a default rate applies. FNF is also responsible for the entire cost of any services or materials provided exclusively to FNF in connection with the sublease or the use of the space.

Our Arrangements with FIS

Overview

The agreements we will enter into with FIS and its subsidiaries will include:

- corporate services agreements;
- the starter repository and back plant access agreements;
- a lease agreement; and
- a master information technology agreement.

FIS Corporate Services Agreements

Through an assignment of FNF s rights and obligations under a corporate services agreement between FNF and FIS and a novation of that agreement, we will enter into a corporate services agreement with FIS under which we will provide corporate and other support services to FIS. The corporate services agreement will govern the provision by us to FIS of these corporate support services, which may include:

- treasury, cash management and related services;
- accounting, billing and financial transaction support;
- tax services;
- corporate, legal and related services;
- risk management and corporate insurance;
- payroll and human resources and employee benefits administration;
- information technology, network systems, data processing and related services;
- purchasing and procurement;
- travel; and
- other general administrative and management functions.

Through an assignment of FNF s rights and obligations under a reverse corporate services agreement between FNF and FIS and a novation of that agreement, we will also enter into a separate corporate services agreement with FIS, under which it will provide us with access to legal services and access to a mainframe computer system.

We also will agree to provide additional services that we and FIS may identify during the term of the agreement.

Provision of Services and Allocation of Costs. Under the corporate services agreement, each party will render services under the oversight, supervision, and approval of the other party, acting through its board of directors and officers. FIS and we will each have the right to purchase goods or services and realize other benefits and rights under the other party s agreements with third-party vendors to the extent allowed by those vendor agreements, during the term of the agreements.

Pricing and Payment Terms. The pricing for the services to be provided by us to FIS, and by FIS to us, under the corporate services agreements is on a cost-only basis, with each party in effect reimbursing the other for the costs and expenses incurred in providing these corporate services to the other party subject to the limitation described below. Under the corporate service agreement for corporate services to be provided by us to FIS, our costs and expenses will be determined and reimbursed by FIS as follows: (i) all out of pocket expenses and costs incurred by us on FIS s behalf will be fully reimbursed, and (ii) all of our staff and employee costs and expenses associated with performing services under the corporate services agreement, including compensation paid to our employees performing these corporate services as well as general overhead associated with these employees and their functions, will be allocated based on the percentage of time that our employees spend on providing corporate services to FIS under the corporate services agreement. FIS s costs and expenses incurred in providing corporate services to us will be similarly determined and reimbursed. In the case of the agreement for corporate services to be provided by us to FIS, the total amount (with some exclusions) payable under the corporate services agreement cannot exceed $50 million during the 2005 fiscal year, with incremental increases to this maximum amount in future fiscal years. We are not entitled to be reimbursed for any portion of our annual costs that exceeds this $50 million limit, as increased from year to year. The costs and expenses under the corporate services agreements will be invoiced by each party to the other on a monthly basis in arrears, and payments are expected to be made in cash within thirty days after invoicing.

During 2004 our expenses were reduced by $75.1 million related to the provision of these corporate services by us to FIS and our expenses were increased by $78,000 related to the provision of these corporate services from FIS to us. The exact amounts to be paid by FIS to us, and by us to FIS, under the corporate services agreements is dependent upon the amount of services actually provided in any given year. However, because the 2004 aggregate amount paid by FIS included some extraordinary charges we anticipate that the aggregate amount payable by FIS to us during the 2005 fiscal year pursuant to the corporate services agreement will not exceed the $50 million maximum amount provided in the corporate services agreement. See Certain Relationships and Related Transactions Historical Related Party Transactions Corporate Services.

Duration and Effect of Termination. The corporate services agreements continue in effect as to each service covered by the agreements until the party receiving the services notifies the other party, in accordance with the terms and conditions set forth in the agreements and subject to certain limitations, that the service is no longer requested. However, the corporate services agreements will terminate after six months from the occurrence of certain specified material events, such as a change of control of FIS, or the completion of an initial public offering of stock by FIS or its subsidiaries. In addition, services to be provided to any subsidiary will terminate on the date that the entity ceases to be a subsidiary of the party receiving the services. Under the corporate services agreements, if the party providing the services receives notice that the party receiving services would like to terminate a particular service, and the providing party believes in good faith that, notwithstanding its reasonable commercial efforts, the termination will have a material adverse impact on the other services being provided, then the party providing services can dispute the termination, with the dispute being resolved through the dispute resolution generally applicable to the agreement. Further, in the event that the party receiving the services is unable to complete its transition efforts prior to the termination date established for any particular corporate service, the party receiving the services can extend the termination date for up to 30 additional days.

Liability and Indemnification. The corporate services agreements provide that the provider of services will not be liable to the receiving party for or in connection with any services rendered or for any actions or inactions taken by a provider in connection with the provision of services, except to the extent of liabilities resulting from the provider s gross negligence, willful misconduct, improper use or disclosure of customer information or violations of law and except for liabilities that arise out of intellectual property infringement. Additionally, the receiving party will indemnify the provider of services for any losses arising from the provision of services, provided that the amount of any losses will be reduced by the amount of the losses caused by the provider s negligence, willful misconduct, violation of law, or breach of the agreement.

Dispute Resolution Procedures. The agreements provide dispute resolution procedures that reflect the parties desire for friendly collaboration and amicable resolution of disagreements. In the event of a dispute, the matter is referred to the president (or similar position) of each of the divisions implicated for

resolution within 15 days. If the division presidents of the parties are unable to resolve the dispute, the matter is referred to the presidents of FIS and our company for final resolution within 15 days. If the matter remains unresolved, then either party may submit the matter to arbitration. The dispute resolution procedures do not preclude either party from pursuing immediate injunctive relief in the event of any actual or threatened breach of confidentiality or infringement of intellectual property.

FNF Starter Repository and Back Plant Access Agreements

Through an assignment by FNF to us of its rights and obligations under agreements between FNF and FIS and a novation of those agreements, we will enter into agreements with FIS whereby certain FIS subsidiaries will be able to access and use certain title records owned by our title company subsidiaries. The FIS subsidiaries covered by the agreement will be granted access to (i) the database of previously issued title policies, (the starter repository), and (ii) certain other physical title records and information, (the back plant), and will be permitted to use the retrieved information solely in connection with the issuance of title insurance products that FIS offers as part of its business. The FIS subsidiaries that are covered by the agreement may create proprietary means of technical access to the starter repository, but this does not apply to the back plant since the back plant consists of physical documents and records that cannot be accessed electronically. Our applicable title company subsidiaries retain ownership of the starter repository, the back plant and all related programs, databases, and materials. FIS will pay fees to us for the access to the starter repository and the back plant and will reimburse our subsidiaries for payment of certain taxes and government charges. FIS will also indemnify us for third party claims arising from any errors or omissions in the starter repository and the back plant or the provision of access under the agreements. In addition, FIS is responsible for costs incurred as a result of unauthorized access to the database and records. With regard to dispute resolution, if either FIS or we institutes an action against the other party for breach, such other party has the option, within 30 days of the notice of such action, to institute an arbitration proceeding and stay the other action.

Duration and Termination. Each of the starter repository agreement and the back plant agreement are effective for a ten year period, with automatic renewal, and may be terminated by mutual agreement of the parties or upon five years prior written notice, except in the case of a default in performance, in which case the agreement may be terminated immediately if the default is not cured within 30 days after notice (with provisions that permit an extension of the 30-day cure period under certain circumstances). In addition, each of these agreements may be terminated in the event of a change of control of either FIS or us.

Lease Agreement

Through an assignment of FNF s rights and obligations under a lease agreement between FNF and a subsidiary of FIS, and a novation of that agreement, we will enter into a lease agreement pursuant to which we will lease from a subsidiary of FIS certain portions of FIS Jacksonville, Florida headquarters building. This lease arrangement will continue until December 31, 2007. Lease terms will be commensurate with those found in the local real estate market.

Pricing and Payment Terms. Under the lease, FNT is obligated to pay base rent for approximately 121,000 square feet at an annual rate of $23.05 per rentable square foot, in equal monthly installments paid in advance on the first day of each calendar month. If FNT fails to pay timely, a default rate applies. In addition to paying base rent, for each calendar year commencing with calendar year 2005, FNT will be obligated to pay, as additional rent, FNT s share of the landlord s reasonable estimate of operating expenses for the entire facility that are in excess of the operating expenses (subject to certain exclusions) applicable to the 2005 base year. FNT is also liable to the landlord for its entire cost of providing any services or materials exclusively to FNT. FNT does not anticipate requesting any exclusive services from the landlord, in its capacity as landlord, during calendar years 2006 or 2007.

The amount allocated to us for office space costs at the FIS Jacksonville, Florida headquarters building for the portion of the buildings utilized by us and our subsidiaries during 2004 was $2.8 million.

While the exact amount of rent to be paid by us under the lease agreement is dependent upon the aggregate excess operating costs incurred for the entire facility, we do not anticipate that the total amount to be paid by us under the lease agreement during the 2005 fiscal year will differ materially from the total amount allocated to us during the 2004 fiscal year for the office space at the Jacksonville, Florida building utilized by us and our subsidiaries.

Master Information Technology Services Agreement

Through an assignment by FNF to us of its rights and obligations under a master information technology services agreement between FNF and FIS and a novation of that agreement, we will enter into a master services agreement with FIS, pursuant to which FIS and its subsidiaries will provide various services to FNT and its affiliates, most of which services are similar in nature to the services that FIS has historically provided to us and to FNF, such as IT infrastructure support, data center management and software sales. Moreover, under the master services agreement, we have designated certain services as high priority critical services required for our business. These include: managed operations, network, email/messaging, network routing, technology center infrastructure, active directory and domains, systems perimeter security, data security, disaster recovery and business continuity. FIS has agreed to use reasonable best efforts to provide these core services without interruption throughout the term of the master services agreement, except for scheduled maintenance.

Terms of Provision. The master information technology services agreement sets forth the specific services to be provided and provides for statements of work and amendment as necessary. FIS may provide the services itself or through one or more subcontractors that are approved by us, but it is fully responsible for compliance by each subcontractor with the terms of the master information technology services agreement.

The master information technology services agreement includes, as part of the agreement, various base services agreements, each of which includes a specific description of the service to be performed as well as the terms, conditions, responsibilities and delivery schedules that apply to a particular service. Any new terms, conditions, responsibilities and delivery schedules that may be agreed to by the parties during the term of the agreement will be added as part of one of the base services agreements or the master information technology services agreement itself. We can also request services that are not specified in the agreement. These additional services will be provided on terms that we propose to FIS and, if we can agree on the terms, a new statement of work or amendment will be executed. In addition, if requested by us, FIS will continue to provide, for an appropriate fee, services to us that are not specifically included in the master information technology services agreement if those services were provided to us by FIS or its subcontractors in the past.

The master information technology services agreement provides for specified levels of service for each of the services to be provided, including any additional services that FIS agrees to perform pursuant to amendments to the agreement or additional statements of work. If FIS fails to provide service in accordance with the applicable service levels, then FIS is required to correct its failure as promptly as possible (and in any event, within five days of the failure recognition) at no cost to us. FIS is also required to use reasonable efforts to continuously improve the quality and efficiency of its performance. If either FIS or we find that the level of service for any particular service is inappropriate, ineffective or irrelevant, then the parties may review the service level and, upon agreement, adjust the level of service accordingly. We are permitted to audit FIS s operations, procedures, policies and service levels as they apply to the services under the agreement. In addition, at least every year during the term of the master information technology services agreement, FIS will conduct a customer satisfaction survey.

FIS may provide the services under the master information technology services agreement from one or more of its technology centers or other data centers that it designates within the United States. FIS must also maintain and enforce safety and security procedures that are at least equal to industry standards and are as rigorous as those in effect on the effective date of the agreement. The agreement contains provisions regarding privacy and confidentiality and requires each of the parties to use at least the same standard of care in the protection of confidential information of the other party as it uses in the protection of its own confidential or proprietary information.

Pricing and Payment Terms. Under the master information technology services agreement, we are obligated to pay FIS for the services that we and our subsidiaries utilize, calculated under a specific and comprehensive pricing schedule negotiated on an arms-length basis. Although the pricing includes some minimum usage charges, most of the service charges are based on volume and actual usage, specifically related to the particular service and support provided by FIS and the complexity of the technical analysis and technology support provided by FIS. The amount included in our expenses for information technology services received from FIS during the 2004 fiscal year was $56.6 million. While the exact amounts to be paid by us to FIS under the master information technology services agreement are dependent upon the actual usage and volume of services performed by FIS for us, we do not anticipate that the total amount to be paid by us to FIS under the master information technology services agreement during the 2005 fiscal year will differ materially from the amounts paid by us to FIS during the 2004 fiscal year for these information technology services. See Certain Relationships and Related Transactions Historical Related-Party Transactions IT Services.

Duration and Effect of Termination. The master information technology services agreement will be effective for a term of five years unless earlier terminated in accordance with its terms. We will have the right to renew the agreement for a single one-year period or a single two-year period, by providing a written notice of our intent to renew at least six months prior to the expiration date. Upon receipt of a renewal notice, the parties will begin discussions regarding the terms and conditions that will apply for the renewal period, and if the parties have not reached agreement on the terms by the time the renewal period commences, then the agreement will be renewed for only one year on the terms as in effect at the expiration of the initial term. We may also terminate the master information technology services agreement or any particular statement of work or base services agreement on six months prior written notice. In addition, if either party fails to perform its obligations under the master information technology services agreement, the other party may terminate after the expiration of certain cure periods. We may also terminate the agreement if there is a change in our ownership or control, as more fully defined by the terms of the services agreement.

Dispute Resolution Procedures. Disputes, controversies and claims under the master information technology services agreement will be referred to a management committee that includes representatives from both parties. If the management committee is unable to resolve the issue, the agreement sets forth a procedure by which the issue is referred to and reviewed by increasingly senior members of our management and FIS s management. If our senior management cannot resolve the issues with FIS s senior management, then the dispute is referred to an independent arbitrator for resolution. However, we are required to continue to provide services during the period of any dispute or dispute resolution process.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Historical Related-Party Transactions

Corporate Services

Our results for 2004 and 2003 include allocations to FNF and FIS relating to the provision by us of corporate services to FNF and to FIS and its subsidiaries. These corporate services include accounting, internal audit and treasury, payroll, human resources, tax, legal, purchasing, risk management, travel, mergers & acquisitions, and general management. For the years ended December 31, 2004, 2003 and 2002, our expenses were reduced by $9.4 million, $9.2 million and $7.0 million, respectively, related to the provision of these corporate services by us to FNF and its subsidiaries (other than FIS and its subsidiaries). For the years ended December 31, 2004, 2003 and 2002, our expenses were reduced by $75.1 million, $39.5 million and $21.6 million, respectively, related to the provision of these corporate services by us to FIS and its subsidiaries. As described in Our Arrangements with FNF, prior to the distribution we will enter into agreements with FNF and FIS relating to the provision of corporate services following the distribution.

IT Services

Included in our expenses for 2004 and 2003 are amounts paid to a subsidiary of FIS for the provision by FIS to us of IT infrastructure support, data center management and related IT support services. For 2004 and 2003, the amounts included in our expenses to FIS for these services were $56.6 million and $12.4 million respectively. Prior to September 2003, we performed these services ourselves and provided them to FIS. During 2003 and 2002, we received payments from FIS of $5.4 million and $5.8 million relating to these services that offset our other operating expenses. As described in Our Arrangements with FNF, prior to the distribution we will enter into an agreement with FIS relating to the provision of these IT-related services following the distribution.

Lease

Included in our expenses for 2004 and 2003 are $2.8 million and $0.5 million, respectively, of rent expense paid to FIS for our corporate headquarters. We will enter into a lease agreement with FIS covering our rental of this space following the distribution. See Our Arrangements with FNF.

Real Estate Information

We also do business with additional entities within the information services segment of FIS that provide real estate information to our operations. We recorded expenses of $9.9 million, $11.4 million and $3.7 million in 2004, 2003 and 2002, respectively.

Agency Agreements

In connection with the transactions that established FIS, our subsidiaries, Chicago Title Insurance Company (CTI), a Missouri-domiciled title insurer, and Fidelity National Title Insurance Company (FNTIC), a California-domiciled title insurer, each entered in issuing agency contracts with five subsidiaries of FIS. Under these issuing agency contracts, the FIS subsidiaries act as title agents for CTI and FNTIC in various jurisdictions.

Under the issuing agency contracts, the title agency appointments of the FIS subsidiaries are not exclusive and CTI and FNTIC each retain the ability to appoint other title agents and to issue title insurance directly. In addition, the issuance of all title insurance for which the FIS subsidiaries are the agents is subject to the terms set forth in the issuing agency contracts. We believe that rates, duties, liability and indemnification provisions comport with the terms and conditions generally applicable in similar arrangements between non-affiliated parties in the title industry.

Subject to certain early termination provisions for cause, each of these agreements may be terminated upon five years prior written notice, which notice may not be given until after the fifth anniversary of the effective date of the agreement (thus effectively resulting in a minimum ten year term).

Prior to entering into these issuing agency contracts, these agency operations were conducted as divisions of certain of our title insurers. Our financial statements reflect amounts earned by and charged to us as a result of these arrangements. For the years ended December 31, 2004, 2003 and 2002, our financial statements reflect $106.3 million, $284.9 million and $53.0 million, respectively, of agency title premiums generated by these operations, and related commissions paid of $93.6 million, $250.7 million and $46.7 million, respectively, representing a commission rate of 88% of premiums earned.

Cost Sharing Agreement

Our subsidiary CTI is a party to a transitional cost sharing agreement effective as of March 4, 2005 with certain subsidiaries of FIS that are engaged in the lenders services business, including providing appraisal, title and closing services to residential mortgage originators and providing automated loan servicing (the lenders services business). Pursuant to this cost sharing agreement, CTI agrees to share certain costs and facilities relating to these lenders services businesses with various FIS subsidiaries. The costs shared include costs of the employees performing the services related to these businesses as well as the costs and expenses related to various facilities such as data processing, equipment, business property and communication equipment. The cost sharing agreement will terminate (i) as to all parties, upon the transfer of a particular company that is not part of our company from FNF to FIS, which transfer is contingent upon receipt of certain regulatory approvals, or (ii) as to CTI, at such time as various subsidiaries of FIS obtain the licenses necessary to enable them to operate all aspects of the lenders services business. Amounts paid to FIS under this arrangement were $2.6 million in the first six months of 2005.

Agreements relating to Title Information

We are party to several agreements with subsidiaries of FIS that relate to the maintenance or management of our title plants and the use of those title plants. These agreements are described below.

Title Plant Maintenance Agreement and Master Title Plant Access Agreement

Certain of our title insurance company subsidiaries have entered into a title plant maintenance agreement with Property Insight, LLC (Property Insight), a subsidiary of FIS. In connection therewith, one of our subsidiaries has also entered into a master title plant access agreement with Property Insight.

Pursuant to the title plant maintenance agreement, Property Insight manages certain title plant assets of these title insurance company subsidiaries. These management services include keeping the title plant assets current and functioning on a daily basis. Property Insight s management services also include updating, compiling, extracting, manipulating, purging, storing and processing title plant data so that the title plant database is current, accurate and accessible, through an efficient and organized access system. In performing these functions, Property Insight may make use of the software systems licensed to it from these subsidiaries, but it may also utilize proprietary systems, software, technologies and methodologies that have been developed, or will be developed, by Property Insight. We have no ownership or other right or title to these proprietary systems and methodologies (except in certain limited circumstances in the event of a termination of a title plant maintenance agreement, as a result of a default by, or termination by, Property Insight). Property Insight may also use these proprietary systems and methodologies in the title plant management services it may provide to other third party customers. In exchange for its management services, Property Insight has perpetual, irrevocable, transferable and nonexclusive worldwide licensed access to the title plants owned by these subsidiaries, together with certain software relating thereto, and it is able to sell this title plant access to third party customers and earn all revenue generated from the use of those assets by third party customers. In addition, Property Insight earns fees from providing access to updated and organized title plant databases to our subsidiaries through the master title plant access agreement described below. In consideration for the licensed access to the title plants and related software, Property Insight must pay a royalty to each of our title insurance company subsidiaries who are parties to the title plant maintenance agreement, in an amount equal to 2.5% to 3.75% of the revenues generated from the licensed access to the title plants and related software that the title insurance company subsidiary owns.

Pursuant to the master title plant access agreement, our subsidiaries have access to all title plants to which Property Insight has access or right to access, including the title plants owned by certain of our subsidiaries. In consideration for this access and use, our subsidiaries pay access fees to Property Insight.

Under the title plant maintenance agreement, Property Insight has no liability to our subsidiaries who are parties to the title plant maintenance agreement for any error in the information provided in the performance of its services, except in the event of Property Insight s gross negligence or willful misconduct. Property Insight accepts no liability under the master title plant access agreement for any errors in the title plant information.

The title plant maintenance agreement is effective for a ten year period, with automatic renewal, and may be terminated by mutual agreement of the parties or upon five years prior written notice, except in the case of a default in performance, in which case the agreement may be terminated immediately if the default is not cured within 30 days after notice (with provisions that permit an extension of the 30-day cure period under certain circumstances). In addition, the title plant maintenance agreement may be terminated in the event of a change of control of either Property Insight or our subsidiaries who are parties to the title plant maintenance agreement. So long as Property Insight does not cause the termination of a title plant maintenance agreement (either through notice of termination or by defaulting on its obligations or otherwise), Property Insight will retain a copy of the title plant database and related software as well as the right to use the software and sell access to the title plant database to third party customers. The termination provisions of the master title plant access agreement are in general similar to those of the title plant maintenance agreement.

The foregoing agreements became effective in March 2005. Prior to that time, Property Insight was a division of our company. When FIS was established, the assets, liabilities and operations of Property Insight were transferred to FIS. For 2004, 2003 and 2002, our payments to FIS under these arrangements were $28.9 million, $28.2 million and $24.3 million, respectively. For 2004 revenues from the royalty payable by FIS were $0.3 million. For the six months ended June 30, 2005, the revenues from the royalty payable by FIS were $1.4 million.

Title Plant Management Agreement

We have entered into a management agreement effective as of May , 2005 with Property Insight, pursuant to which Property Insight manages title plant assets for one of our subsidiaries, Ticor Title Insurance Company of Florida (Ticor-FL). These management services include overseeing and supervising the title plant maintenance process (such as updating and purging), but do not include full responsibility for keeping the title plant assets current and functioning on a daily basis. Ticor-FL maintains all ownership rights over the title plants and its proprietary systems and methodologies used in the title plant maintenance process. Under this agreement, Property Insight s use of these proprietary systems and methodologies and access to Ticor-FL s title plants is limited to use and access necessary to perform its management obligations under the agreement. Property Insight is paid a management fee equal to 20% of the actual costs incurred by Ticor-FL for maintaining its title plants.

Under the title plant management agreement, Property Insight has no liability to the Ticor-FL in the performance of its services, except in the event of Property Insight s gross negligence or willful misconduct.

The title plant management agreement is effective for a ten year period, with automatic renewal, and may be terminated by mutual agreement of the parties or upon five years prior written notice, except in the case of a default in performance, in which case the agreement may be terminated immediately if the default is not cured within 30 days after notice (with provisions that permit an extension of the 30-day cure period under certain circumstances). In addition, the title plant management agreement may be terminated in the event of a change of control of either Property Insight or Ticor-FL.

Tax Sharing Agreements.

FNF and each of our title insurance subsidiaries are parties to various tax sharing agreements, which govern the respective rights, responsibilities, and obligations of FNF and those subsidiaries with respect to tax liabilities and refunds, tax attributes, other matters regarding income taxes and related tax returns. These tax sharing agreements have been in effect for varying periods of time prior to the distribution and have been filed with the respective insurance regulators of the title insurance subsidiaries.

Allocation of Tax Liability. The tax sharing agreements generally provide for the allocation and payment of taxes for periods during which the respective title insurance subsidiaries and FNF are included in the same consolidated group for federal income tax purposes or the same consolidated, combined or unitary returns for state tax purposes. For periods during which the respective title insurance subsidiaries are included in FNF s consolidated federal income tax returns or state consolidated, combined, or unitary tax returns, each of the title insurance subsidiaries generally is required to pay an amount of income tax equal to the amount it would have paid had it filed tax returns as a separate entity. Each title insurance subsidiary is also responsible in the future for any increases of consolidated tax liability of FNF that are attributable to the title insurance subsidiary and will be entitled to refunds for reductions of tax liabilities attributable to it for prior periods. Each title insurance subsidiary will be included in FNF s consolidated group for federal income tax purposes so long as FNF beneficially owns, directly or indirectly, at least 80% of the total voting power and value of the title insurance subsidiary s outstanding common stock. Each corporation that is a member of a consolidated group during any portion of the group s tax year is severally liable for the federal income tax liability of the group for that year. As a result, the title insurance subsidiaries could be liable in the event federal tax liability allocated to FNF is incurred but not paid by FNF or any other member of FNF s consolidated group for FNF s tax years that include these periods.

Software License Agreements

Certain FIS subsidiaries have licensed proprietary software and provide maintenance services to certain of our subsidiaries for annual fees under individual license agreements. Our expenses for these items were $5.8 million, $2.6 million and $1.3 million in 2004, 2003 and 2002, respectively.

Equipment Leases

We lease certain business equipment to FIS. Our revenues from these leases were $8.4 million, $7.3 million and $6.7 million in 2004, 2003 and 2002, respectively.

Master Loan Agreement

We are parties to a master loan agreement under which our title insurance subsidiaries have made certain loans to FNF. These loans are evidenced by notes that amounted to $22.8 million at December 31, 2004. The notes amortize in equal principal amounts annually with final maturity in 2010 and bear interest at a variable rate that at December 31, 2004 was equal to 2.66%. We have no commitment to make further loans under this arrangement.

Cross Conveyance and Joint Ownership and Development Agreements

One of our subsidiaries is a party to a joint development agreement with an FIS subsidiary whereby the FIS subsidiary provides development services for proprietary software to be used in connection with the title plants owned by our title insurance subsidiaries. Upon delivery by the FIS subsidiary of software that meets acceptance criteria, both parties will jointly own the developed software.

One of our subsidiaries is a party to a joint ownership agreement with an FIS subsidiary whereby the parties have conveyed their respective interests in certain proprietary software such that both parties are the joint owners of the software. The parties have also entered into a development agreement to further develop the jointly owned software.

OWNERSHIP OF COMMON STOCK

Prior to the completion of this distribution, all shares of our common stock were owned by FNF. Upon the completion of this distribution, FNF will beneficially own approximately 82.5% of our outstanding common stock in the form of 100% of our Class B Common Stock.

Except for FNF, no person will beneficially own any of our outstanding common stock prior to completion of this distribution, and we are not aware of any person other than FNF who will beneficially own 5% or more of our common stock upon completion of this distribution. Our directors and officers do not currently own any of our common stock, although they will receive options to purchase shares upon the completion of the distribution. Further, in the event of the distribution those who own shares of FNF common stock will be treated on the same terms as any other holders of FNF common stock. See Management Stock Ownership of Directors and Executive Officers for information about the ownership of FNF common stock by our directors and executive officers.

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DESCRIPTION OF CAPITAL STOCK

The following description of select provisions of our certificate of incorporation, our bylaws, and of the Delaware General Corporation Law is necessarily general and does not purport to be complete. This summary is qualified in its entirety by reference in each case to the applicable provisions of our certificate of incorporation and bylaws, which are filed as exhibits to our registration statement of which this prospectus forms a part, and to the provisions of Delaware law.

General

Our authorized capital stock will consist of 200 million shares of Class A Common Stock, 200 million shares of Class B Common Stock and 50 million shares of preferred stock. Immediately after the completion of this distribution, shares of Class A Common Stock will be outstanding and shares of Class B Common Stock will be outstanding.

Common Stock

Holders of our common stock are entitled to receive such dividends as may be declared by our board of directors out of funds legally available therefor. See Dividend Policy. Holders of our Class A Common Stock are entitled to one vote per share on all matters on which the holders of common stock are entitled to vote. Holders of Class B Common Stock will be entitled to ten votes per share of Class B Common Stock held. Neither our Class A Common Stock nor our Class B Common Stock will entitle its holders to cumulative voting rights. In the event of our liquidation or dissolution, holders of our common stock would be entitled to share equally and ratably in our assets, if any, remaining after the payment of all liabilities and the liquidation preference of any outstanding class or series of preferred stock. The shares of common stock issued by us in the distribution will be fully paid and nonassessable. The rights and privileges of holders of our common stock are subject to the rights and preferences of the holders of any series of preferred stock that we may issue in the future, as described below.

Class B Common Stock

The Class A Common Stock and Class B Common Stock have identical rights and privileges, except with regard to voting rights as described above and the following conversion provisions. The Class B Common Stock will be convertible into shares of Class A Common Stock at a one-to-one conversion ratio as follows:

- the holder of any share of Class B Common Stock may elect at any time, and at such holder s sole option, to convert such share into one fully paid and nonassessable share of Class A Common Stock;

- if at any time FNF and its affiliates collectively own less than 40% of the total number of issued and outstanding shares of capital stock of FNT, each issued and outstanding share of Class B Common Stock will automatically be converted into one share of Class A Common Stock; and

- upon the transfer of any share of Class B Common Stock to a person other than FNF or an affiliate of FNF (excluding certain permitted transfers), such share will automatically be converted into one fully paid and nonassessable share of Class A Common Stock.

Notwithstanding the foregoing, FNF may transfer shares of Class B Common Stock (without conversion into Class A Common Stock) if such transfer is effected as part of a distribution by FNF of shares of Class B Common Stock to its shareholders in a tax-free spinoff under Section 355(a) of the Internal Revenue Code of 1986, as amended, and any subsequent transfer of such shares will not cause such shares to convert into Class A Common Stock.

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Authorized Preferred Stock

Subject to the approval by holders of shares of any class or series of preferred stock, to the extent such approval is required, our board of directors will have the authority following the distribution to issue preferred stock in one or more series and to fix the number of shares constituting any such series and the designations, powers, preferences, limitations and relative rights, including dividend rights, dividend rate, voting rights, terms of redemption, redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series, without any further vote or action by stockholders.

Certain Provisions of our Certificate of Incorporation, Bylaws and Delaware Law

A number of provisions of our certificate of incorporation and our bylaws deal with matters of corporate governance and the rights of stockholders. The following discussion is a general summary of select provisions of our certificate of incorporation, our bylaws and certain Delaware laws that might be deemed to have a potential anti-takeover effect. These provisions may have the effect of discouraging a future takeover attempt which is not approved by our board of directors but which individual stockholders may deem to be in their best interest or in which stockholders may be offered a substantial premium for their shares over then current market prices. As a result, stockholders who might desire to participate in such a transaction may not have an opportunity to do so. Such provisions will also render the removal of the incumbent board of directors or management more difficult.

Common Stock. Our unissued shares of authorized Class A and Class B Common Stock will be available for future issuance without additional stockholder approval. While the authorized but unissued shares are not designed to deter or prevent a change of control, under some circumstances we could use the authorized but unissued shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our board of directors in opposing a hostile takeover bid.

Preferred Stock. The existence of authorized but unissued preferred stock could reduce our attractiveness as a target for an unsolicited takeover bid since we could, for example, issue shares of the preferred stock to parties that might oppose such a takeover bid or issue shares of the preferred stock containing terms the potential acquiror may find unattractive. This ability may have the effect of delaying or preventing a change of control, may discourage bids for our common stock at a premium over the market price of our common stock, and may adversely affect the market price of, and the voting and the other rights of the holders of, our common stock.

Classified Board of Directors and Related Provisions. Our certificate of incorporation provides that our board of directors must be divided into three classes of directors (each class containing approximately one-third of the total number of directors) serving staggered three-year terms. As a result, approximately one-third of our board of directors will be elected each year. This classified board provision will prevent a third party who acquires control of a majority of our outstanding voting stock from obtaining control of our board of directors until the second annual stockholders meeting following the date the acquiror obtains the controlling interest. The number of directors constituting our board of directors is determined from time to time by our board of directors. Our certificate of incorporation also provides that directors may be removed only for cause by the affirmative vote of the holders of a majority of all outstanding voting stock entitled to vote. This provision, in conjunction with the provisions of our certificate of incorporation authorizing our board of directors to fill vacancies on the board, will prevent stockholders from removing incumbent directors without cause and filling the resulting vacancies with their own nominees.

No Stockholder Action by Written Consent; Special Meetings. Our certificate of incorporation permits our stockholders to act by written consent without a meeting as long as FNF owns more than 50% of our voting stock. Once FNF ceases to own that percentage of our voting stock, our certificate of incorporation provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation also provides that, except as otherwise required by law, special meetings of the stockholders can only be

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called by a majority of our entire board of directors or our chief executive officer. Stockholders may not call a special meeting or require that our board of directors call a special meeting of stockholders.

Advance Notice Requirements for Stockholder Proposals and Director Nominees. Our bylaws provide that, if one of our stockholders desires to submit a proposal or nominate persons for election as directors at an annual stockholders meeting, the stockholder s written notice must be received by us not less than 120 days prior to the anniversary date of the date of the proxy statement for the immediately preceding annual meeting of stockholders. However, if the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by a stockholder must be received by us not later than the close of business on the 10th day following the day on which public disclosure of the date of the annual meeting was made. The notice must describe the proposal or nomination and set forth the name and address of, and stock held of record and beneficially by, the stockholder. Notices of stockholder proposals or nominations must set forth the reasons for the proposal or nomination and any material interest of the stockholder in the proposal or nomination and a representation that the stockholder intends to appear in person or by proxy at the annual meeting. Director nomination notices must set forth the name and address of the nominee, arrangements between the stockholder and the nominee and other information required under Regulation 14A of the Exchange Act. The presiding officer of the meeting may refuse to acknowledge a proposal or nomination not made in compliance with the procedures contained in our bylaws. The advance notice requirements regulating stockholder nominations and proposals may have the effect of precluding a contest for the election of directors or the introduction of a stockholder proposal if the requisite procedures are not followed and may discourage or deter a third-party from conducting a solicitation of proxies to elect its own slate of directors or to introduce a proposal.

Voting Requirements on Amending our Certificate of Incorporation or Bylaws. Our certificate of incorporation and our bylaws provide that amendments to certain provisions of our bylaws, including those related to stockholder proposals and calling special meetings of stockholders, must be approved by both our board of directors and by the vote, at a regular or special stockholders meeting, of the holders of at least two-thirds of the votes entitled to be cast by the holders of all our capital stock then entitled to vote. All other amendments to our bylaws require either: (i) approval by a majority of our entire board of directors (without stockholder consent) or (ii) the vote, at a regular or special stockholders meeting, of the holders of at least two-thirds of the votes entitled to be cast by the holders of all our capital stock then entitled to vote. In addition, our certificate of incorporation provides that amendments to certain provisions of our certificate of incorporation, including those relating to the classified board, removal of directors, calling special meetings and no stockholder action by written consent, must be approved by the vote, at a regular or special stockholders meeting, of the holders of at least two-thirds of the votes entitled to be cast by the holders of all of our capital stock then entitled to vote (in addition to the approval of our board of directors).

Business Combination Statute. Following the distribution, we will be subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an interested stockholder is a person who, together with affiliates and associates, owns or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation s voting stock. Because we were not subject to Section 203 prior to the distribution, following the distribution FNF and its subsidiaries would not be considered an interested stockholder.

Provisions of our Certificate of Incorporation Relating to Corporate Opportunities

Certificate of Incorporation. To address situations in which officers or directors have conflicting duties to affiliated corporations, Section 122(17) of the Delaware General Corporation Law allows a corporation to renounce, in its certificate of incorporation or by action of its board of directors, any interest or expectancy of the corporation in specified classes or categories of business opportunities. As such, and in order to address potential conflicts of interest between us and FNF and its subsidiaries (Fidelity), our certificate of incorporation contains provisions regulating and defining, to the fullest extent permitted by law, the conduct of our affairs as they may involve Fidelity and its officers and directors.

Our certificate of incorporation provides that, subject to any written agreement to the contrary, Fidelity will have no duty to refrain from engaging in the same or similar activities or lines of business as us, and, except as set forth in our certificate of incorporation, neither Fidelity nor its officers or directors will be liable to us or our stockholders for any breach of any fiduciary duty due to any such activities of Fidelity. In the event that Fidelity acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both Fidelity and us, Fidelity, to the fullest extent permitted by law, will have no duty to communicate or offer the corporate opportunity to us and will, to the fullest extent permitted by law, not be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that Fidelity pursues or acquires that corporate opportunity for itself, directs it to another person or does not communicate information regarding it to us.

Our certificate of incorporation further provides that if one of our directors or officers who is also a director or officer of Fidelity acquires knowledge of a potential transaction or matter that may be a corporate opportunity for both Fidelity and us, the director or officer will have satisfied his or her fiduciary duty to us and our stockholders with respect to that corporate opportunity if he or she acts in a manner consistent with the following policy:

- a corporate opportunity offered to any person who is an officer of ours and who is also a director but not an officer of Fidelity, will belong to us unless the opportunity is expressly offered to that person in a capacity other than such person s capacity as one of our officers, in which case it will not belong to us;

- a corporate opportunity offered to any person who is a director but not an officer of ours, and who is also a director or officer of Fidelity, will belong to us only if that opportunity is expressly offered to that person in that person s capacity as one of our directors; and

- a corporate opportunity offered to any person who is an officer of both Fidelity and us will belong to us only if that opportunity is expressly offered to that person in that person s capacity as one of our officers.

Notwithstanding these provisions, our certificate of incorporation does not prohibit us from pursuing any corporate opportunity of which we become aware.

These provisions in our certificate of incorporation will no longer be effective on the date that (i) Fidelity ceases to beneficially own our common stock representing at least 20% of the total voting power of all classes of our outstanding capital stock entitled to vote generally in the election of directors and (ii) none of our directors or officers are also directors or officers of Fidelity.

If our certificate of incorporation did not include provisions setting forth the circumstances under which opportunities will belong to us and regulating the conduct of our directors and officers in situations where their duties to us and Fidelity conflict, the actions of our directors and officers in each such situation would be subject to the fact-specific analysis of the corporate opportunity doctrine as articulated under Delaware law. Under Delaware law, a director of a corporation may take a corporate opportunity, or divert it to another corporation in which that director has an interest, if (i) the opportunity is presented to the director or officer in his or her individual capacity, (ii) the opportunity is not essential to the corporation, (iii) the corporation holds no interest or expectancy in the opportunity and (iv) the director or officer has not wrongfully employed the resources of the corporation in pursuing or exploiting the opportunity. Based on Section 122(17) of the Delaware General Corporation Law, we do not believe the corporate opportunity guidelines set forth in our certificate of incorporation conflict with Delaware law. If, however, a conflict were to arise between the provisions of our certificate of incorporation and Delaware law, Delaware law would control.

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Limitations on Director Liability

Under the Delaware General Corporation Law, we may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he or she is or was our director, officer, employee or agent, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. In addition, Section 102(b)(7) of the Delaware General Corporation Law provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock), or (iv) for any transaction from which the director derived an improper personal benefit. Our certificate of incorporation contains the provisions permitted by Section 102(b)(7) of the Delaware General Corporation Law.

Distribution Agent, Transfer Agent and Registrar

The distribution agent, transfer agent and registrar for our common stock is .

SHARES ELIGIBLE FOR FUTURE SALE

All shares distributed to FNF stockholders in the distribution will be freely tradable without restriction or further registration under the Securities Act, except that any shares received in the distribution by our affiliates, as that term is defined in Rule 144 under the Securities Act, may generally only be sold in compliance with the limitations of Rule 144 described below.

Rule 144

In general, under Rule 144 as currently in effect, an affiliate would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding; or
- the average weekly trading volume of the common stock on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Registration Rights

As described in Our Arrangements with FNF Registration Rights Agreement, we have entered into a registration rights agreement with FNF. We do not have any other contractual obligations to register our common stock.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material United States federal income tax consequences generally applicable to an FNF stockholder that receives FNT shares in the distribution. This summary is based on the United States Internal Revenue Code of 1986, as amended (the Code), the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect on the date of this circular and all of which are subject to change (possibly on a retroactive basis).

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A United States Holder is a beneficial owner of FNF common stock that is a citizen or resident individual of the United States, a corporation or any other entity taxable as a corporation, in either case organized in or under the laws of the United States or any state or political subdivision thereof, or an estate or trust that is subject to United States federal income taxation without regard to the source of its income. A United States Holder does not include, and this discussion does not address the tax consequences to, certain persons subject to special provisions of United States federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, partnerships, real estate investment trusts, regulated investment companies, broker-dealers, persons who hold their shares as part of a straddle, a hedge, a constructive sale or a conversion transaction, holders of FNF shares whose functional currency is other than the United States dollar, pass-through entities and investors therein, persons who acquired their stock through the exercise of employee stock options or otherwise as compensation, or persons who hold their shares as ordinary assets and not as capital assets.

A Non-United States Holder is a beneficial owner of FNF common stock that holds such stock as a capital asset and that is in general an individual, corporation, estate, or trust other than an individual who is a citizen or resident of the United States; a corporation (or an entity taxed as a corporation for United States federal income tax purposes) created or organized in the United States or under the laws of the United States or any subdivision thereof; an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

This summary does not address all of the United States federal income tax consequences that may be relevant to the particular circumstances of an FNF stockholder that receives FNT stock in the distribution, nor does it address the effect of any foreign, state or local tax law on an FNF stockholder that receives FNT stock in the distribution.

This summary is for general information purposes only and is not intended to be, and should not be construed to be, legal or tax advice to any particular shareholder. Consequently, FNF shareholders are advised to consult their own tax advisors to determine the particular tax consequences of the distribution, and of acquiring, exchanging, holding or disposing of shares of FNT common stock.

Tax Consequences of the Distribution to United States Holders

FNF will report the distribution as a taxable distribution in which each FNF stockholder receives an amount equal to the fair market value, at the time of the distribution, of the FNT shares the stockholder receives plus the amount of any cash received in lieu of fractional shares of FNT common stock (the Distribution Amount). Assuming that there will be a public market for the FNT stock at the time of the distribution, the fair market value of an FNT share to a stockholder is expected to be the average of the high and low trading price on the date of the distribution, or if such date is not a trading day, on the first trading day following the distribution. However, if the Distribution Amount exceeds the FNF shareholder s allocable share of FNF s current and accumulated earnings and profits for federal income tax purposes determined as of the end of the FNF s fiscal year ending December 31, 2005, the excess generally will be treated first as a basis-reducing, tax-free return of capital to the extent of the shareholder s basis in his or her FNF common stock, and after this basis is reduced to zero, as capital gain. FNF s management has advised that, based on the information currently available, FNF s accumulated earnings and profits at December 31, 2005 is expected to be large enough that the Distribution Amount will not exceed the Holder s allocable share of such earnings and profits.

The Distribution Amount is expected to constitute qualified dividend income for United States federal income tax purposes, subject to certain holding period requirements. Each corporate holder of FNF common stock (other than S corporations) receiving FNT shares and recognizing dividend income would be entitled to the dividends-received deduction (generally 70%) with respect to the dividends, subject to certain holding period requirements.

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The Distribution Amount also may be considered an extraordinary dividend under the United States federal income tax rules depending on the facts and circumstances of the shareholder. Treatment of the Distribution Amount as an extraordinary dividend may affect a corporate shareholder s basis in its FNF stock, or, with respect to individual shareholders, may affect the tax characterization of a sale of his or her FNF shares.

An FNF shareholder s tax basis in the FNT shares received in the distribution would equal the fair market value of the FNT common stock on the date of the distribution, and the shareholder s holding period in the stock would begin the day after the distribution.

Individual Reporting and Backup Withholding

In early 2006, each individual recipient of FNT shares in the distribution will receive an IRS Form 1099-DIV reflecting the Distribution Amount. An FNF stockholder may be subject to backup withholding at a rate of 28% of amounts paid to the shareholder, unless the shareholder, before the distribution, has provided his or her correct taxpayer identification number on an IRS Form W-9 or a substitute therefor. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against such shareholder s United States federal income tax liability provided the required information is furnished to the IRS.

Tax Consequences of the Distribution to Non-United States Holders

A Non-United States Holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, if the distribution is effectively connected with the conduct of a trade or business within the United States or is attributable to a permanent establishment in the event such standard applies to the Non-United States Holder under an applicable tax treaty with the United States, the distribution will not be subject to the withholding tax, but instead will be subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Certain certification and disclosure requirements must be satisfied for effectively connected income to be exempt from withholding. Any dividends received by a foreign corporation subject to United States federal income tax on a net basis may, under specific circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-United States Holder who wishes to claim the benefit of an applicable treaty rate (and avoid backup withholding as discussed below) for dividends, will be required to (a) complete IRS Form W-8BEN (or other applicable form) and certify under penalties of perjury that such holder is not a United States person, or (b) if the common stock is held through certain foreign intermediaries, satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain Non-United States Holders that are entities rather than individuals.

A Non-United States Holder eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amount withheld by filing an appropriate claim for refund with the IRS.

Gain of Disposition of Common Stock

A Non-United States Holder generally will not be subject to United States federal income or withholding tax with respect to gain recognized on a sale or other disposition of common stock unless (i) the gain is effectively connected with a trade or business of the Non-United States Holder in the United States, and, where a tax treaty applies, is attributable to a United States permanent establishment of the Non-United States Holder; (ii) in the case of a Non-United States Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met; or (iii) FNF is at the time of the distribution or has been a United States real property holding corporation for United States federal income tax purposes. FNF believes it is not, has not been, and will not be at the

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time of the distribution a United States real property holding corporation for United States federal income tax purposes.

Federal Estate Tax

FNT stock held by an individual Non-United States Holder at the time of death will be included in such holder s gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Individual Reporting and Backup Withholding

FNF must report annually to the IRS and to each individual Non-United States Holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding also may be made available to the tax authorities in the country in which the Non-United States Holder resides under the provisions of an applicable income tax treaty.

A Non-United States Holder will be subject to backup withholding unless applicable certification requirements are met. Information reporting and, depending on the circumstances, backup withholding, will apply to the proceeds of a sale of FNT stock within the United States or conducted through the United States related financial intermediaries unless the beneficial owner certifies under penalties of perjury that it is a Non-United States Holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is not a United States person) or the holder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against such holder s United States federal income tax liability provided the required information is furnished to the IRS.

THE PRECEDING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES IS GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH NON-U.S. HOLDER SHOULD CONSULT THAT NON-U.S. HOLDER S OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF PURCHASING, HOLDING, OR DISPOSING OF OUR COMMON STOCK, INCLUDING THE APPLICABILITY OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGES OR PROPOSED CHANGES IN APPLICABLE LAW.

LEGAL MATTERS

The validity of the shares of common stock distributed hereby will be passed upon for us by LeBoeuf, Lamb, Greene & MacRae LLP.

EXPERTS

The combined financial statements and schedule of Fidelity National Title Group, Inc. and subsidiaries, as of December 31, 2004, and 2003, and for each of the years in the three-year period ended December 31, 2004, have been included herein and in the registration statement in reliance upon the reports of KPMG LLP, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report on the combined financial statements refers to the adoption effective January 1, 2003 of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, related to stock-based employee compensation.

ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the common stock we will distribute under this prospectus. This prospectus does not contain all of the information included in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and our common stock, please refer to the registration statement, including its exhibits and schedules, which you may inspect and obtain copies of at prescribed rates at the public reference facilities of the Securities and Exchange Commission at the addresses provided below.

Upon completion of this distribution, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, and, under that Act, we will file reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect those reports, proxy statements and other information and the registration statement and its exhibits and schedules, without charge, and you may make copies of them at prescribed rates at the public reference facilities of the Securities and Exchange Commission s principal office at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Securities and Exchange Commission s public reference facilities by calling the Securities and Exchange Commission in the United States at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission.

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When the transactions referred to in Note A of the Notes to Combined Financial Statements have been consummated, we will be in a position to render the following report.

/s/ KPMG LLP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Fidelity National Title Group, Inc.:

We have audited the accompanying Combined Balance Sheets of Fidelity National Title Group, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related Combined Statements of Earnings, Equity and Comprehensive Earnings and Cash Flows for each of the years in the three-year period ended December 31, 2004. These Combined Financial Statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these Combined Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Combined Financial Statements referred to above present fairly, in all material respects, the financial position of Fidelity National Title Group, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

The Combined Financial Statements for 2002 were prepared using Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, to record stock-based employee compensation. As discussed in Note A to the Combined Financial Statements, effective January 1, 2003, the Company adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation , to record stock-based employee compensation, applying the prospective method of adoption in accordance with SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure.

Jacksonville, Florida
August 16, 2005, except for Note A which is as of , 2005

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FIDELITY NATIONAL TITLE GROUP, INC. AND SUBSIDIARIES
COMBINED BALANCE SHEETS

	As of December 31,	
	2004	2003
	(In thousands)	
ASSETS		
Investments:		
Fixed maturities available for sale, at fair value, at December 31, 2004 and 2003 includes $265,639 and $262,193, respectively, of pledged fixed maturity securities related to secured trust deposits	$ 2,174,817	$ 1,615,704
Equity securities, at fair value	115,070	65,407
Other long-term investments	21,219	17,596
Short-term investments, at December 31, 2004 and 2003 includes $280,351 and $185,956, respectively, of pledged short-term investments related to secured trust deposits	508,383	811,475
Total investments	2,819,489	2,510,182
Cash and cash equivalents, at December 31, 2004 and 2003 includes $195,200 and $231,142, respectively, of pledged cash related to secured trust deposits	268,414	395,857
Trade receivables, net of allowance of $11,792 in 2004 and $12,833 in 2003	145,447	132,579
Notes receivable, net of allowance of $1,740 in 2004 and $1,555 in 2003 and includes notes from related parties of $22,800 in 2004 and $26,598 in 2003	39,196	41,358
Goodwill	959,600	920,278
Prepaid expenses and other assets	311,730	296,942
Title plants	301,610	280,024
Property and equipment, net	164,916	161,368
Due from FNF	63,689	44,076
	$ 5,074,091	$ 4,782,664
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	$ 603,705	$ 591,535
Notes payable	22,390	54,259
Reserve for claim losses	980,746	932,439
Secured trust deposits	735,295	671,882
Deferred tax liabilities	51,248	60,875
	2,393,384	2,310,990
Minority interests	3,951	2,488
Equity:		
Investment by FNF	2,719,056	2,481,038
Accumulated other comprehensive loss	(42,300)	(11,852)

		2,676,756		2,469,186
	$	5,074,091	$	4,782,664

See Notes to Combined Financial Statements.

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FIDELITY NATIONAL TITLE GROUP, INC. AND SUBSIDIARIES
COMBINED STATEMENTS OF EARNINGS

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
Revenue:			
Direct title insurance premiums	$ 2,003,447	$ 2,105,317	$ 1,557,769
Agency title insurance premiums, includes $106.3 million, $284.9 million and $53.0 million of premiums from related parties in 2004, 2003 and 2002, respectively (see Note A)	2,714,770	2,595,433	1,989,958
Total title premiums	4,718,217	4,700,750	3,547,727
Escrow and other title related fees, includes $8.4 million, $7.3 million and $6.7 million of revenue from related parties in 2004, 2003 and 2002, respectively (see Note A)	1,039,835	1,058,729	790,787
Total title and escrow	5,758,052	5,759,479	4,338,514
Interest and investment income, includes $1.0 million, $0.7 million and $0.5 million of interest revenue from related parties in 2004, 2003 and 2002, respectively (see Note A)	64,885	56,708	72,305
Realized gains and losses, net	22,948	101,839	584
Other income	43,528	52,689	55,927
	5,889,413	5,970,715	4,467,330
Expenses:			
Personnel costs, excludes $34.5 million, $14.8 million and $9.9 million of personnel costs allocated to related parties in 2004, 2003 and 2002, respectively (see Note A)	1,680,805	1,692,895	1,260,070
Other operating expenses, includes $53.8 million, $15.8 million and $4.9 million of other operating expenses from related parties net of amounts allocated to related parties in 2004, 2003 and 2002, respectively (see Note A)			