

FIRST AMERICAN CORP  
Form PRE 14A  
October 15, 2008

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, for Use of the Commission Only  
 Definitive Proxy Statement  
 Definitive Additional Materials (as Permitted by Rule 14a-6(e)(2))  
 Soliciting Material Pursuant to Rule 14a-12

## THE FIRST AMERICAN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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October [ ], 2008

Dear Fellow Shareholder:

You are cordially invited to attend our annual meeting of shareholders at 2:00 p.m., Pacific time, on Wednesday, December 10, 2008, at the executive offices of The First American Corporation, located at 1 First American Way, Santa Ana, California 92707.

With this letter, we are including the notice for the annual meeting, the proxy statement and the proxy card. Unless you have received our 2007 annual report earlier in the year, we are also including that report. A map and directions to our executive offices can be found on the inside back cover of the proxy statement.

We have made arrangements for you to vote your proxy over the Internet or by telephone, as well as by mail with the traditional proxy card. The proxy card contains instructions on these methods of voting.

Your vote is important. Whether or not you plan on attending the annual meeting on December 10, 2008, we hope you will vote as soon as possible.

Thank you for your ongoing support of and continued interest in The First American Corporation.

Parker S. Kennedy

Chairman of the Board and

Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be Held on December 10, 2008**

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The annual meeting of shareholders of The First American Corporation, a California corporation (our Company), will be held at 2:00 p.m., Pacific time, on Wednesday, December 10, 2008, at the executive offices of the Company, located at 1 First American Way, Santa Ana, California 92707, for the following purposes:

1. To elect 17 persons to serve on our board of directors for the next year.
2. To approve amendments to the Company's Articles of Incorporation and Bylaws increasing the range in the number of directors that may serve on the board from 9 to 17 to 10 to 18.
3. To ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008.
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only shareholders of record at the close of business on October 13, 2008, are entitled to notice of the meeting and an opportunity to vote.

**The First American Corporation's Notice of Annual Meeting and Proxy Statement, Annual Report and other proxy materials are available at [www.firstam.com/proxymaterials](http://www.firstam.com/proxymaterials).**

It is hoped that you will be present at the meeting to vote in person. However, if you are unable to attend the meeting and vote in person, please submit a proxy as soon as possible, so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy (1) over the Internet, (2) by telephone, or (3) by mail. For specific instructions, please refer to the questions and answers commencing on page 2 of the proxy statement and the instructions on the proxy card.

Kenneth D. DeGiorgio

Senior Vice President, General Counsel

Santa Ana, California

October [ ], 2008

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**PROXY STATEMENT**

**Solicitation of Proxies by the Board of Directors**

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**The First American Corporation's Notice of Annual Meeting and Proxy Statement,**

**Annual Report and other proxy materials are available at**

*[www.firstam.com/proxymaterials](http://www.firstam.com/proxymaterials)*

Our board of directors (our Board) is soliciting proxies from holders of our common shares for use at the annual meeting of our shareholders to be held on December 10, 2008, at 2:00 p.m., Pacific time. The meeting will be held at the executive offices of The First American Corporation, a California corporation (our Company or First American), located at 1 First American Way, Santa Ana, California 92707. We have included a map and directions to our executive offices on the inside back cover of the proxy statement for your convenience.

The approximate date on which this proxy statement and the enclosed proxy card, notice of annual meeting, chairman's letter and, unless previously received, 2007 annual report, will be first mailed to our shareholders is October [ ], 2008.

The remainder of this proxy statement has been divided into three sections. You should read all three sections.

- I. Questions and answers: This section provides answers to a number of frequently asked questions.
- II. Proposals to be voted on: This section provides information relating to the proposals to be voted on at the shareholders' meeting.
- III. Required information: This section contains information that is required by law to be included in this proxy statement and which has not been included in Sections I or II.

**I. QUESTIONS AND ANSWERS**

**Why have I been sent these proxy materials?**

Our Board has sent you this proxy statement and the accompanying proxy card to ask for your vote, as a shareholder of our Company, on certain matters that will be voted on at the annual meeting.

**What matters will be voted on at the meeting?**

- the election of 17 persons to serve on the Board for the next year;
- the approval of amendments to the Company's Articles of Incorporation and Bylaws increasing the range in the number of directors that may serve on the Board from 9 to 17 to 10 to 18;
- the ratification of the Company's selection of PricewaterhouseCoopers LLP ( PwC ) as its independent registered public accounting firm for the 2008 fiscal year; and
- any other business properly raised at the meeting.

At the time this proxy statement was mailed, our Board was not aware of any other matters to be voted on at the annual meeting.

**Who may attend the annual meeting?**

All shareholders of First American.

**Who is entitled to vote?**

Shareholders of record as of the close of business on October 13, 2008, the record date, or those with a valid proxy from a bank, brokerage firm or similar organization that held our shares on the record date are entitled to vote on the matters to be considered at the annual meeting.

**Who is a shareholder of record?**

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A shareholder of record is a person or entity whose name appears as an owner of one or more shares of our common stock on the records of our transfer agent as of its close of business on the record date.

### **How many shares are entitled to vote at the meeting?**

As of the record date, 92,867,638 of our common shares, par value \$1.00 per share, were issued, outstanding and entitled to vote at the meeting.

### **How many votes do I have?**

Each common share is entitled to one vote on each proposal. However, if cumulative voting applies for the election of directors, you will be entitled to cast more than one vote for each nominee. See "What does it mean to cumulate a vote?" on pages 2 to 3 below.

### **How many votes are needed to elect each director?**

Those candidates receiving the highest number of affirmative votes, up to the number of directors to be elected, will be elected directors.

### **What does it mean to cumulate a vote?**

In elections for directors, California law provides that a shareholder, or his or her proxy, may cumulate votes. That is, each shareholder has a number of votes equal to the number of shares owned, multiplied by the



number of directors to be elected, and the shareholder may cumulate such votes for a single candidate, or distribute such votes among as many candidates as he or she deems appropriate. However, a shareholder may cumulate votes only for a candidate or candidates whose names have been properly placed in nomination prior to the voting, and only if the shareholder has given notice at the meeting, prior to the voting, of his or her intention to cumulate votes for the candidates in nomination. If one shareholder provides such notice, all shareholders may then vote cumulatively. Unless you give different instructions, your proxy gives discretionary authority to the appointees to vote your shares cumulatively. Cumulative voting does not apply to any proposal other than the election of directors.

**Who are the director nominees?**

The 17 nominees are:

Hon. George L. Argyros	James L. Doti	Frank E. O Bryan	Virginia M. Ueberroth
Bruce S. Bennett	Lewis W. Douglas, Jr.	Roslyn B. Payne	Mary Lee Widener
J. David Chatham	Christopher V. Greetham	D. Van Skilling	
Glenn C. Christenson	Parker S. Kennedy	Patrick F. Stone	
Hon. William G. Davis	Thomas C. O Brien	Herbert B. Tasker	

See pages 8 through 10 for biographical information regarding the nominees.

**Why is the Board recommending an increase in the range of directors that may serve on the Board?**

If the shareholders approve the proposal to increase the range in the number of directors that may serve on the Board, the Board expects to create a vacancy and fill that vacancy with John Peace. The Board believes that the addition of Mr. Peace to the Board would be beneficial to the Company. Mr. Peace is the Chairman of Experian plc, parent company of the Company's partner in its First American Real Estate Solutions LLC joint venture, which owns most of the Company's information solutions businesses. Mr. Peace has extensive experience in private industry. In addition to serving as Chairman of Experian plc, which operates one of the largest credit reporting agencies in the world, Mr. Peace is Chairman of Burberry Group plc and Deputy Chairman and Senior Independent Director of Standard Chartered plc. He is also Chairman of the Board of Governors of Nottingham Trent University, Deputy Lieutenant for the County of Nottinghamshire, a Fellow of the Royal Society of Arts and Chairman of The Work Foundation. Previously he was Group Chief Executive of the former GUS plc from 2000 until 2006, having been a director of GUS since 1997.

**How many votes are needed to increase the range of the number of directors that may serve on the Board?**

The affirmative vote of a majority of the outstanding common shares of the Company is required to amend the Articles of Incorporation and Bylaws to increase the range of directors from 9 to 17 to 10 to 18.

**How many votes are needed to ratify PwC as the Company's independent registered public accounting firm?**

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A majority of the shares present and voting at the annual meeting are needed to ratify PwC as the Company's independent registered public accounting firm.

**What happens if the Company's choice of PwC as its independent registered public accounting firm is not ratified by the shareholders?**

If the shareholders do not ratify PwC as the Company's independent registered public accounting firm for the 2008 fiscal year, the audit committee of the Board (the Audit Committee) will reconsider its choice of PwC as the

Company's independent registered public accounting firm and may retain a different independent registered public accounting firm; however, the Audit Committee may nonetheless determine that it is in the Company's, and its shareholders', best interests to retain PwC as the Company's independent registered public accounting firm. Additionally, even if shareholders ratify the Audit Committee's selection of PwC as the Company's independent registered public accounting firm, the Audit Committee may at any time determine that it is in the Company's, and its shareholders', best interests to retain a different firm.

### **How do I vote?**

You can vote on matters that properly come before the meeting in one of four ways:

*You may vote by mail.*

You do this by signing and dating the proxy card and mailing it in the enclosed, prepaid and addressed envelope within the required time. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

*You may vote by telephone.*

You do this by following the instructions accompanying the proxy card. If you vote your proxy by telephone, you do not have to mail in your proxy card. Some shareholders may not be able to vote their proxy by telephone.

*You may vote on the Internet.*

You do this by following the instructions accompanying the proxy card. If you vote your proxy on the Internet, you do not have to mail in your proxy card. Some shareholders may not be able to vote their proxy on the Internet.

*You may vote in person at the meeting.*

You can vote in person at the meeting. However, if you hold your shares in street name (in the name of a bank, broker or some other nominee), you must request and receive a legal proxy from the record owner prior to the meeting in order to vote at the meeting.

### **What happens if I sign and return my proxy card, but don't mark my votes?**

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Parker S. Kennedy or Kenneth D. DeGiorgio, chairman of the board of directors and general counsel, respectively, will vote your shares in their discretion as proxies.

### **Can I revoke my proxy?**

You have the power to revoke your proxy at any time before the polls close at the meeting. You may do this by:

- signing and returning another proxy with a later date;
- submitting written notice of your revocation to our general counsel at our mailing address on the cover page of this proxy statement;
- voting your proxy by telephone or on the Internet (only your latest proxy is counted); or
- voting in person at the meeting.

**What happens if my shares are held under the name of a brokerage firm?**

If your shares are held in street name, your brokerage firm, under certain circumstances, may vote your shares. Brokerage firms have authority under New York Stock Exchange rules to vote customers' unvoted shares on certain routine matters, including the election of directors. If you do not vote your proxy, your brokerage firm may either:

- vote your shares on routine matters; or
- leave your shares unvoted.

We encourage you to provide instructions to your brokerage firm by voting your proxy. This ensures that your shares will be voted at the meeting. You may have granted to your stockbroker discretionary voting authority over your account. Your stockbroker may be able to vote your shares depending on the terms of the agreement you have with your stockbroker.

**Who will count the votes?**

An employee of the Company's transfer agent will serve as the inspector of elections and count the votes.

**What does it mean if I get more than one proxy card?**

It means that you have multiple accounts at the transfer agent and/or with stockbrokers. Please sign and return all proxy cards to ensure that all your shares are voted.

**What constitutes a quorum?**

A quorum refers to the number of shares that must be represented at a meeting in order to lawfully conduct business. A majority of the outstanding common shares entitled to vote at the annual meeting, present in person or represented by proxy, will constitute a quorum at the meeting. Without a quorum, no business may be transacted at the annual meeting. However, whether or not a quorum exists, a majority of the voting power of those present at the annual meeting may adjourn the annual meeting to another date, time and place. Abstentions and broker nonvotes will be counted for the purpose of determining the presence or absence of a quorum for the transaction of business.

**What is a broker nonvote and how is it treated?**

A broker nonvote occurs with respect to a proposal to be voted on if a broker or other nominee does not have the discretionary authority to vote shares and has not received voting instructions from the beneficial owners with respect to such proposal. Broker nonvotes are treated as present

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for purposes of establishing the presence or absence of a quorum. A broker nonvote on the election of directors or the ratification of the choice of PwC as our Company's independent registered public accounting firm will not affect the results of the vote on such matters, since no absolute number of affirmative votes is required for passage of such proposals. But a broker nonvote on the proposal to increase the range of the number of directors that may serve on the Board will act like a "no" vote, since the affirmative vote of the majority of *all outstanding shares* is required to approve that proposal.

### **How are abstentions treated?**

Abstentions are equivalent to "no" votes for all proposals other than the election of directors, since they are counted as present and voting. Because directors are elected by a plurality of the votes cast, abstentions have no effect on the election of directors.

**What percentage of stock do the directors and executive officers own?**

Together, they owned approximately 6.0% of our common shares as of the record date. See pages 12 through 14 for more details.

**When are shareholder proposals for our next annual meeting due in order to be included in the proxy statement?**

We will consider proposals submitted by shareholders for inclusion in the proxy statement for the annual meeting to be held in 2009 if they are received no later than [ ], 2009. This date assumes that the date of our next annual meeting will not be advanced or delayed by more than 30 calendar days from the one year anniversary of the date of the current annual meeting. See page 58 for more details.

**Who is paying the cost of preparing, assembling and mailing the notice of the annual meeting of shareholders, proxy statement and form of proxy, and the solicitation of the proxies?**

The Company. We will also pay brokers and other nominees for the reasonable expenses of forwarding solicitation materials to their customers who own our common shares.

**Who may solicit proxies?**

In addition to this proxy statement, our directors, officers and other regular administrative employees may solicit proxies. None of them will receive any additional compensation for such solicitation. MacKenzie Partners, Inc., 105 Madison Avenue, New York, NY 10016, has been engaged by the Company to solicit proxies at an estimated cost of \$10,000 plus reimbursement of reasonable expenses.

**How will solicitors contact me?**

People soliciting proxies may contact you in person, by mail, by telephone, by e-mail or by facsimile.

**Does our Board have any recommendations with respect to the listed proposals?**

Our Board recommends you vote **FOR** : (1) all of its nominees for director; (2) the increase in the range of directors from 9 to 17 to 10 to 18; and (3) the ratification of PwC as our Company's independent registered public accounting firm for the 2008 fiscal year.

**Who are the largest principal shareholders outside of management?**

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The following table lists as of the record date the persons or groups of shareholders who are known to us to be the beneficial owners of 5% or more of our common shares. The information regarding beneficial owners of 5% or more of our common shares was gathered by us from the filings made by such owners with the Securities and Exchange Commission (the SEC) or from informal sources. Shares that may be acquired within 60 days are treated as outstanding for purposes of determining the amount and percentage beneficially owned. This table does not include shares beneficially owned by our directors and officers and entities controlled by them. See the table headed Security Ownership of Management on pages 12 through 14 for that information.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Fidelity Management Trust Company	7,243,246(1)	7.8%
Highfields Capital Management LP	8,787,879(2)	9.5%
Glenview Capital Management, LLC	6,896,472(3)	7.4%

- (1) The shares set forth in the table are held as of October 13, 2008 by Fidelity Management Trust Company as trustee pursuant to The First American Corporation 401(k) Savings Plan. The investment options available to participants in the plan include a Company Stock Fund, which invests in Company common shares, as well



as amounts previously held under the Company's Employee Profit Sharing and Stock Ownership Plan ( ESOP ), which was merged into the 401(k) Savings Plan in December 2001. Thus, the table reflects the ESOP accounts as well as accounts in the Company Stock Fund. The governing documents require the trustee to vote the shares as directed by the plan participants for whose benefit the shares are held. The transfer agent will tabulate the voting directions of all participants who wish to provide such directions to Fidelity. Neither the transfer agent nor Fidelity will provide the individual or aggregate participant voting directions to the Company, unless otherwise required by law. Shares for which no direction is received by the trustee from the participants are voted in the same proportion as are the shares for which directions are received. The trustee's address is 82 Devonshire Street, Boston, Massachusetts 02109.

- (2) According to the Schedule 13D/A filed on April 14, 2008 by Highfields Capital Management LP, each of Highfields Capital Management LP, Highfields GP LLC, Highfields Associates LLC, Jonathan S. Jacobson, and Richard L. Grubman may be deemed to be the beneficial owner of 8,787,879 shares, and Highfields Capital III L.P. may be deemed the beneficial owner of 6,056,042 shares. The address of the principal business office of each of these entities and individuals is John Hancock Tower, 200 Clarendon Street, 59<sup>th</sup> Floor, Boston, Massachusetts 02116.
  
- (3) According to the Schedule 13G filed on March 21, 2008 by Glenview Capital Management, LLC and Lawrence M. Robbins, each of Glenview Capital Partners, L.P., Glenview Capital Master Fund, Ltd., Glenview Institutional Partners, L.P., GCM Little Arbor Master Fund, Ltd., GCM Little Arbor Institutional Partners, L.P., GCM Little Arbor Partners, L.P., GCM Opportunity Fund, L.P., Glenview Capital Opportunity Fund, L.P. and Glenview Offshore Opportunity Master Fund, Ltd. hold Company common shares in accounts that are managed by Glenview Capital Management, LLC. Mr. Robbins is the chief executive officer of Glenview Capital Management, LLC. The address of the principal business office of each of these entities and Mr. Robbins is 767 Fifth Avenue, 44th Floor, New York, New York 10153.

## II. PROPOSALS

### Item 1. Election of Directors

Our Articles of Incorporation and Bylaws require that directors be elected annually, and currently fix the range of directors between 9 and 17. The Bylaws permit the Board of Directors to specify the exact number of directors within the range provided in the Articles of Incorporation and Bylaws. The Board has resolved, subject to shareholder approval of the increased range, to specify the exact number at 18 directors, which would create a vacancy on the Board. The vacancy will be created only if the shareholders approve the second proposal discussed below, and only after the conclusion of the annual meeting when the Company files the amendment to its Articles of Incorporation with the California Secretary of State. Therefore, at the time of the annual meeting the size of the Board will be 17 members, and accordingly, the Board has nominated 17 individuals for election at the meeting. The 17 nominees receiving the highest number of votes will be elected to the Board, to serve until the next annual meeting or as soon thereafter as their successors are duly elected and qualified.

Votes by the Company's proxy holders will be cast in such a way as to effect the election of all nominees listed below or as many as possible under the rules of cumulative voting. **Unless otherwise specified by you in your proxy card, the proxies solicited by our Board will be voted FOR the election of these nominees.** If any nominee should become unable or unwilling to serve as a director, the proxies will be voted for such substitute nominee(s) as shall be designated by our Board. Our Board presently has no knowledge that any of the nominees will be unable or unwilling to serve.

The following list provides information with respect to each person nominated and recommended to be elected by our Board. See the section entitled "Security Ownership of Management," which begins on page 12, for information pertaining to stock ownership of the nominees. There are no family relationships among any of the nominees or any of the executive officers of the Company. The Company has appointed Messrs. Bruce S. Bennett, Glenn C. Christenson, Christopher V. Greetham, Thomas C. O'Brien and Patrick F. Stone for election to the Board pursuant to an agreement with Highfields Capital Management LP dated April 10, 2008, as discussed in the Company's Current Report on Form 8-K dated April 10, 2008. Also, pursuant to a contract, the Company is required to recommend one nominee of Experian Information Solutions, Inc. to the nominating committee as a candidate for election to the Board. Director D. Van Skilling was appointed to the Board in 1998 as Experian's nominee. There are no other arrangements or understandings between any director and any other person pursuant to which any director was or is to be selected as a director.

#### THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOLLOWING NOMINEES:

Name	Age	Principal Occupation(s) Since 2002 (arranged by title, company & industry)	Director Since	Directorships Held in Other Public Companies(1)
Hon. George L. Argyros	71	Chairman and Chief Executive Officer Arnel & Affiliates diversified investment company	2005(2)	DST Systems, Inc.
Bruce S. Bennett	50	Founding Partner Hennigen, Bennett & Dorman, LLP legal services	2008	None
J. David Chatham	58	President and Chief Executive Officer Chatham Holdings Corporation real estate development and associated industries	1989	First Advantage Corporation
Glenn C. Christenson	59	Managing Director (2007 - present) Velstand Investments, LLC	2008	Sierra Pacific Resources

Executive Vice President and Chief  
Financial Officer (1990 - 2007)  
Station Casinos, Inc.  
gaming and entertaining

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Name	Age	Principal Occupation(s) Since 2002 (arranged by title, company & industry)	Director Since	Directorships Held in Other Public Companies(1)
Hon. William G. Davis	79	Counsel Torys LLP legal services	1992	None
James L. Doti	62	President and Donald Bren Distinguished Chair of Business and Economics Chapman University education	1993	Fleetwood Enterprises, Inc., and Standard Pacific Corp.
Lewis W. Douglas, Jr.	84	Chairman Stanley Energy, Inc. oil exploration	1971(3)	None
Christopher V. Greetham	63	Executive Vice President and Chief Investment Officer (1996 2006) XL Capital Ltd. property and casualty insurance and reinsurance	2008	Axis Capital Holding Limited
Parker S. Kennedy	60	Chairman of the Board and Chief Executive Officer (2003 present)  President (1993 2004) The First American Corporation business information and related products and services	1987	First Advantage Corporation
Thomas C. O'Brien	54	Chief Executive Officer and President Insurance Auto Auctions Inc. specialized services for automobile insurance	2008	KAR Holdings, Inc.
Frank E. O'Bryan	75	Private Investor (2004 present) Chairman of the Board (1997 2003) WMC Mortgage Corporation mortgage lending	1994	Ares Capital Corporation
Roslyn B. Payne	62	President  Jackson Street Partners, Ltd. real estate venture capital and investments	1988	None
D. Van Skilling	75	President (1999 present) Skilling Enterprises private investments	1998	First Advantage Corporation and ONVIA, Inc.
Patrick F. Stone	61	Chairman (2005 present) The Stone Group commercial real estate brokerage and development  Vice Chairman (2004 2007) Metrocities Mortgage Corporation mortgage banking  Chief Executive Officer (2002 2004) Fidelity National Information Systems business information	2008	None

Name	Age	Principal Occupation(s) Since 2002 (arranged by title, company & industry)	Director Since	Directorships Held in Other Public Companies(1)
Herbert B. Tasker	72	Chairman and Chief Executive Officer (2005 - present) Mason McDuffie Mortgage Corporation mortgage banking	2002	None
		Mortgage Industry Consultant (2004 - 2005)		
		Vice Chairman and Managing Director (1999 - 2004) Centre Capital Group, Inc. mortgage conduit		
Virginia M. Ueberroth	68	Chairman Ueberroth Family Foundation philanthropy	1988	None
Mary Lee Widener	70	President and Chief Executive Officer (1974 - present) Neighborhood Housing Services of America, Inc. nonprofit housing agency	2006	The PMI Group, Inc.

- (1) For these purposes, "Public Company" refers to a company with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940.
- (2) Mr. Argyros was also a director of our Company from 1988 to 2001 and was the United States Ambassador to Spain and Andorra from 2001 to 2004.
- (3) Mr. Douglas also was a director of our Company from 1961 to 1967.

## Item 2. Amendments to Increase the Range of the Number of Directors on the Board

Currently, both the Articles of Incorporation and the Bylaws of the Company specify that the number of directors shall be no less than 9 nor more than 17. The Board has approved an amendment to the Company's Articles of Incorporation and Bylaws to increase the specified range of directors to a range of 10 to 18. That amendment is subject to shareholder approval. Contingent on approval of the foregoing increase in the range, the Board has also approved an increase in the exact number of directors on the Board from 17 to 18. The increase in the range of the number of directors and accompanying increase in the size of the Board would create a vacancy on the Board, and it is anticipated that the Board will appoint John Peace to fill that vacancy. For more information, see the discussion under the question entitled "Why is the Board recommending an increase in the range of directors that may serve on the Board?" on page 3. The Board believes that this action is in the best interests of the Company's shareholders and recommends that the shareholders vote "FOR" the amendments specified below.

Currently, Article FIFTH of First American's Restated Articles of Incorporation reads as follows:

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FIFTH: The number of directors of this Corporation shall be no less than nine (9) nor more than seventeen (17).

The Board has approved, and is asking the shareholders to approve, an amendment to Article FIFTH of the Articles of Incorporation, as follows:

FIFTH: The number of directors of this Corporation shall be no less than ten (10) nor more than eighteen (18).

Currently, the first sentence of Section 2, Article III of the Company's Bylaws reads as follows:

The number of directors of the corporation shall be no less than 9 nor more than 17.

The Board has approved, and is asking the shareholders to approve, an amendment to Section 2, Article III of the Bylaws, as follows:

The number of directors of the corporation shall be no less than 10 nor more than 18.

The Board has approved of a further amendment to the Bylaws, subject to shareholder approval of this proposal, to permit the Board to establish the number of directors, within the specified range, by resolution, as opposed to an amendment to the Bylaws. The relevant portions of the Bylaws, as amended pursuant to this proposal and pursuant to the resolution of the Board, are shown in their entirety on Appendix A hereto, with deletions indicated by strike-outs and additions indicated by underlining.

The amendments to the Articles of Incorporation and Bylaws will become effective upon filing of the amendment to the Articles of Incorporation with the California Secretary of State, which is anticipated to occur promptly after shareholder approval has been obtained.

**OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE FOREGOING AMENDMENTS.**

### **Item 3. Ratification of Selection of Independent Auditor**

The Audit Committee has selected PricewaterhouseCoopers LLP ( PwC ) to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2008. Representatives of PwC are expected to be present at the annual meeting, and, if they do attend the annual meeting, will have an opportunity to make a statement and be available to respond to appropriate questions.

Selection of our independent registered public accounting firm is not required to be submitted for shareholder approval, but the Audit Committee is seeking ratification of its selection of PwC from our shareholders as a matter of good corporate governance. If the shareholders do not ratify this selection, the Audit Committee will reconsider its selection of PwC and will either continue to retain this firm or appoint a new independent registered public accounting firm. Even if the selection is ratified, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our Company's best interests and those of its shareholders.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of PwC as our Company's independent registered public accounting firm for the 2008 fiscal year.

**OUR BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE FOREGOING PROPOSAL TO RATIFY THE SELECTION OF PwC AS OUR COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.**



### III. REQUIRED INFORMATION

#### Security Ownership of Management

The following table sets forth the total number of our common shares beneficially owned and the percentage of the outstanding shares so owned as of the record date by:

- each director (and each nominee for director);
- each named executive officer; and
- all directors and executive officers as a group.

Unless otherwise indicated in the notes following the table, the shareholders listed in the table are the beneficial owners of the listed shares with sole voting and investment power (or, in the case of individual shareholders, shared power with such individual's spouse) over the shares listed. Shares subject to rights exercisable within 60 days after the record date are treated as outstanding when determining the amount and percentage beneficially owned.

Shareholders	Number of Common shares	Percent if greater than 1%
<i>Directors</i>		
George L. Argyros(1)	1,109,968	1.2%
Bruce S. Bennett	5,600	
J. David Chatham	39,971	
Glenn C. Christenson	14,000	
Hon. William G. Davis	5,805	
James L. Doti	18,626	
Lewis W. Douglas, Jr.	38,215	
Christopher V. Greetham	14,000	
Parker S. Kennedy(2)	3,278,551	3.5%
Thomas C. O'Brien	2,500	
Frank E. O'Brien	42,575	
Roslyn B. Payne(3)	88,650	
D. Van Skilling(4)	33,355	
Patrick F. Stone	44,207	
Herbert B. Tasker	18,433	
Virginia M. Ueberroth(5)	110,355	
Mary Lee Widener	555	
<i>Named executive officers who are not directors</i>		
Frank V. McMahon	152,477	
Dennis J. Gilmore	212,626	
Curt G. Johnson	32,015	
Barry M. Sando	191,227	
<i>All directors, named executive officers and other executive officers as a group (25 persons)</i>	5,617,112	6.0%



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The shares set forth in the table above include those that the following individuals have the right to acquire within 60 days of October 13, 2008, the record date for the annual meeting:

Individuals	Shares
George L. Argyros	5,000
Bruce S. Bennett	
J. David Chatham	11,750
Glenn C. Christenson	
Hon. William G. Davis	5,000
James L. Doti	5,000
Lewis W. Douglas, Jr.	11,750
Christopher V. Greetham	
Parker S. Kennedy	360,000
Thomas C. O Brien	
Frank E. O Bryan	11,750
Roslyn B. Payne	11,750
D. Van Skilling	11,750
Patrick F. Stone	
Herbert B. Tasker	5,000
Virginia M. Ueberroth	5,000
Mary Lee Widener	
Frank V. McMahon	120,000
Dennis J. Gilmore	196,000
Curt G. Johnson	23,500
Barry M. Sando	184,000

- (1) Includes 235,534 shares held in the Argyros Family Trust, for the benefit of Mr. Argyros and his family members and over which Mr. Argyros has voting and dispositive power; 3,400 shares held by Mr. Argyros as trustee, with investment power over such securities, of a trust for the benefit of a family member; 3,900 shares held in a trust for the benefit of another family member for which Mr. Argyros does not serve as trustee but over which Mr. Argyros has investment power; 125 shares held in a Uniform Transfers to Minors Act custodial account for which Mr. Argyros serves as the custodian; 7,513 shares held by a trust for which Mr. Argyros is not a trustee, over which Mr. Argyros may be deemed to have investment power; 720,041 shares are held by a nonprofit corporation whose six-member board of directors includes Mr. Argyros and his wife, which board directs the voting and disposition of such shares; 18,800 shares held by another nonprofit corporation with a five-member board, including Mr. Argyros, having similar voting and dispositive power; and an aggregate of 114,700 shares held by two companies of which Mr. Argyros is the sole shareholder, chief executive officer and a director. Mr. Argyros disclaims beneficial ownership of all shares included in the table which are held by a nonprofit corporation or by a trust for which Mr. Argyros is not the beneficiary.
- (2) Of the shares credited to Parker S. Kennedy, chairman of the board and chief executive officer of the Company, 11,154 shares are held directly and 2,896,086 shares are held by Kennedy Enterprises, L.P., a California limited partnership of which Mr. Kennedy is the sole general partner. The limited partnership agreement pursuant to which the partnership was formed provides that the general partner has all powers of a general partner as provided in the California Uniform Limited Partnership Act, including the power to vote securities held by the partnership, provided that the general partner is not permitted to cause the partnership to sell, exchange or hypothecate any of its shares of stock of the Company without the prior written consent of all of the limited partners. Of the shares held by the partnership, 462,885 are allocated to the capital accounts of Mr. Kennedy. The balance of the shares held by the partnership is allocated to the capital accounts of the other limited partners, who are relatives of Mr. Kennedy. Except to the extent of his voting power over the shares allocated to the capital accounts of the limited partners, Mr. Kennedy disclaims beneficial ownership of all shares held by the partnership other than those allocated to his own capital accounts.

- (3) Includes 7,500 shares held by a nonprofit corporation for which Ms. Payne and her spouse serve as officers and directors. In her capacity as an officer of that corporation, Ms. Payne has the power, as do certain other officers, to direct the voting and disposition of the shares.
- (4) Includes 2,365 shares held by a nonprofit corporation for which Mr. Skilling serves as a director and officer. In his capacity as an officer, Mr. Skilling has the power, acting alone, to direct the voting and disposition of the shares. Also includes 2,356 shares held in three trusts for which Mr. Skilling serves as the trustee. In this position, Mr. Skilling has the power to direct the voting and disposition of the shares.
- (5) The shares set forth in the table include 5,000 shares held by a nonprofit corporation of which Ms. Ueberroth is an officer and whose six-member board of directors is composed of Ms. Ueberroth and her husband and children. In her capacity as an officer of that corporation, Ms. Ueberroth has the power, as do certain other officers, to direct the voting and disposition of the shares. Ms. Ueberroth disclaims beneficial ownership of these shares.

### **Board and Committee Meetings**

Our Board held ten meetings during 2007. Each director attended 75% or more of the meetings of the Board and the committees (if any) on which the director served. From time to time, our Board may act by unanimous written consent as permitted by the laws of the State of California.

#### *Audit Committee*

The members of the Audit Committee are Messrs. Chatham (chairman), Christenson and Skilling and Ms. Payne. The functions performed by this committee include reviewing internal auditing procedures and results, selecting our independent registered public accounting firm, directing and supervising investigations into matters within the scope of its duties, reviewing with the independent registered public accounting firm the plan and results of its audit and determining the nature of other services to be performed by, and fees to be paid to, such firm. During 2007, our Audit Committee met ten times. This committee's charter is posted in the corporate governance section of our Web site at [www.firstam.com](http://www.firstam.com), and is also available in print to any shareholder who requests it. Such request should be sent to the secretary at our address indicated on the first page of this proxy statement. Our Board of Directors has determined that Messrs. Christenson and Skilling and Ms. Payne are audit committee financial experts within the meaning of the SEC's rules and regulations and that each member of the Audit Committee meets the requirement of independence established in the Securities Exchange Act of 1934, as amended, and the New York Stock Exchange Listing Standards.

#### *Compensation Committee*

The members of the Compensation Committee are Messrs. Argyros, Davis, Doti, Douglas (chairman), Greetham, O'Brien and Tasker. This committee establishes compensation rates and procedures with respect to our executive officers, including bonus awards, monitors our equity compensation plans and makes recommendations to the Board regarding director compensation. During 2007, our Compensation Committee met eight times. This committee's charter is posted in the corporate governance section of our Web site at [www.firstam.com](http://www.firstam.com), and is also available in print to any shareholder who requests it. Such request should be sent to the secretary at our address indicated on the first page of this proxy statement.

#### *Nominating and Corporate Governance Committee*

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The members of this committee are Messrs. Bennett, Davis (chairman), Douglas, O'Brien and Skilling and Ms. Ueberroth. This committee is responsible for identifying individuals qualified to become directors of our Company; recommending that the Board select the nominees identified by the committee for all directorships to be filled by the Board or by the shareholders; and developing, recommending to the Board and periodically reviewing the corporate governance principles applicable to our Company. This committee held five meetings

during 2007. This committee's charter is posted in the corporate governance section of our Web site at [www.firstam.com](http://www.firstam.com), and is also available in print to any shareholder who requests it. Such request should be sent to the secretary at our address indicated on the first page of this proxy statement. The committee believes that it has adequate perspectives and resources, including the ability to retain any search firm, on the basis of which to assess the need for additional or new directors and for identifying and evaluating potential candidates for nomination to stand for election as directors. Accordingly, at this time the committee does not intend to consider nominees recommended by shareholders unless our Company is legally required to do so, such as by contract with any such shareholders.

As stated in the above-mentioned charter, in identifying candidates for membership on our Board, the committee takes into account all factors it considers appropriate, including some or all of the following: strength of character, an inquiring and independent mind, practical wisdom, mature judgment, career specialization, relevant technical skills, reputation in the community, diversity and the extent to which the candidate would fill a present need on the Board. The committee makes recommendations to the full Board as to whether or not incumbent directors should stand for re-election. However, if our Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors, the selection and nomination of such directors generally is not subject to the committee process for identifying and evaluating nominees for director. The committee conducts all necessary and appropriate inquiries into the background and qualifications of possible candidates and may engage a search firm to assist in identifying potential candidates for nomination.

### **Independence of Directors**

The Board has affirmatively determined that each member of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, as well as each other member of the Board, except Parker S. Kennedy and Mary Lee Widener (who are not independent), is independent as that term is defined in the corporate governance rules of the New York Stock Exchange for listed companies, and that each member of the Audit Committee is independent under the additional standards applicable to that committee. In making these determinations, the Board considered the following relationships between directors and the Company: Mr. Argyros and Ms. Payne are affiliated with entities that do business with the Company in the ordinary course from time to time; Mr. Davis is of counsel to a Canadian law firm that has been retained by the Company from time to time, although his compensation is not affected by the Company's relationship with that firm; and each of Messrs. Argyros, Doti and O'Bryan and Ms. Ueberroth is affiliated with a nonprofit organization to which the Company and/or its management has made donations from time to time. Each of the relationships above, while considered by the Board, falls within the Company's categorical independence standards contained in the Board's corporate governance guidelines, which are available on the corporate governance section of the Company's Web site at [www.firstam.com](http://www.firstam.com). In addition to those standards, the Board previously determined that reimbursed perquisites received by members of the Board do not constitute material relationships and therefore do not affect director independence under applicable rules. Mr. O'Bryan reimbursed the Company for the value of past perquisites in satisfaction of this categorical standard. In addition to the relationships described above, Ms. Payne's cousin was part of a team that performed communications services for the Corporation during the past year and Mr. O'Bryan continues to occupy space within the building housing the Company's principal office, for which he continues to pay the Company rent at a market rate.

### **Lead Director**

Our Board has elected D. Van Skilling as its lead non-management director. The lead director is responsible for chairing the regularly scheduled executive sessions of the non-management directors, which are those directors who are not officers of our Company.

### **Director Attendance at Annual Meetings**

Our directors are expected to attend the annual meetings of our shareholders. Each of the Company's 11 current directors who were also directors at the time of last year's annual meeting were in attendance at that meeting, with the exception of Mr. Davis.



### Shareholder and Interested Party Communications with Directors

Shareholders and other interested parties may communicate directly with any or all of the non-management directors of our Company by writing to such director(s) at the business addresses provided under each director's name in the corporate governance section of our Web site at [www.firstam.com](http://www.firstam.com). Directors receiving such communications will respond as such directors deem appropriate, including the possibility of referring the matter to management of our Company, to the full Board or to an appropriate committee of the Board.

The Audit Committee has established procedures to receive, retain and address complaints regarding accounting, internal accounting controls or auditing matters, and for the submission by our employees of concerns regarding questionable accounting or auditing matters. Our 24-hour, toll-free hotline is available for the submission of such concerns or complaints at 1-800-589-3259. To the extent required by applicable law, individuals wishing to remain anonymous or to otherwise express their concerns or complaints confidentially are permitted to do so.

### Transactions with Management and Others

On February 27, 2006, the Company loaned \$7,500,000 to NHSA JPS LLC (NHSA), a Delaware limited liability company affiliated with Neighborhood Housing Services of America, Inc., of which Ms. Widener is president and chief executive officer, pursuant to the terms and conditions of a loan agreement between the Company and NHSA. The loan bears interest at a rate of 2% per year, and matures in 2016. On November 3, 2006, the loan amount was increased to \$9,500,000. During 2007, interest payments totaled \$190,000. No principal payments have been due or made and the outstanding loan balance is \$9,500,000. The loan agreement provides that a portion of the loan proceeds is to be used as a loan loss reserve for two loan pools collectively known as the Anthem Loan Pools, and a portion is to be used as working capital for operation of the Anthem Project. The Anthem Project involves a loan underwriting and funding program administered by NHSA that is designed to make prime grade home loans with prime grade pricing and mortgage insurance available to emerging markets borrowers who are rated as creditworthy through use of the Company's proprietary Anthem credit scoring system as a guide in the loan approval process. The loan is secured by a Collateral Trust Agreement between the Company, NHSA and Union Bank of California, N.A., as trustee, whereby, in the event of a default by NHSA in the performance of obligations specified in the loan agreement or the related promissory note or the Collateral Trust Agreement, interest or other income accruing from certain home loan proceeds and investments of the Anthem Project would be applied toward payment of outstanding amounts due from NHSA to the Company under the promissory note and above-mentioned agreements, after payment of collection and other costs, including the fees and expenses of the trustee.

Last year, the Board adopted a written policy regarding related party transactions, which generally prohibits transactions between the Company and/or its affiliates, on the one hand, and the Company's directors, officers (or officers of affiliates) or shareholders holding in excess of 5% of the Company's common shares, on the other hand, without prior approval. The approving body may be either the Board or the Nominating and Corporate Governance Committee, or, if the proposed transaction involves \$1,000,000 or less and it is impractical to seek the approval of the Board or that committee, then the chairman of the Nominating and Corporate Governance Committee may review and pre-approve of the transaction (or the chairman of the Audit Committee if the chairman of the Nominating and Corporate Governance Committee is a party to the transaction). The policy prohibits directors of the Company from entering into any transaction with the Company or any of its affiliates outside of the ordinary course of business, except for transactions previously approved by the Board and in effect on the date the policy took effect.

Certain transactions are excluded from the application of the policy and are therefore permitted without prior approval. For example, compensatory arrangements for service as an officer or director of the Company are excluded from the policy, as are transactions between the Company and its affiliates (other than directors and officers). In cases where the potential transaction would involve the officer, director or large shareholder only in an indirect fashion, the policy does not apply where such indirect interest results solely from ownership less than



10% of, or being a director of, the entity entering into the transaction with the Company. In addition, arms length ordinary course transactions involving annual payments of \$100,000 or less are permitted without prior approval.

Since January 1, 2007, Highfields Capital Management LP, and Glenview Capital Management, LLC, shareholders holding in excess of 5% of the Company's common shares, purchased approximately \$555,000 and \$245,000, respectively, of data and analytics products from the Company. These purchases did not receive the requisite prior approval under the policy discussed above. Such purchases occurred on an arms-length basis and the Nominating and Corporate Governance Committee has since ratified such purchases.

## Executive Officers

The following provides information regarding the Company's executive officers.

<u>Name</u>	<u>Position(s) Held</u>	<u>Age</u>
Parker S. Kennedy	Chairman of the Board, Chief Executive Officer	60
Frank V. McMahon	Vice Chairman	48
Dennis J. Gilmore	Chief Operating Officer	50
Max O. Valdes	Chief Financial Officer, Chief Accounting Officer and Senior Vice President	53
Anand K. Nallathambi	Chief Executive Officer of First Advantage Corporation	47
Barry M. Sando	President of Information and Outsourcing Solutions Segment	49
George S. Livermore	President of Data and Analytic Solutions Segment	48
Kenneth D. DeGiorgio	Senior Vice President, General Counsel and Secretary	37

All officers of the Company are appointed annually by the Board on the day of its election.

- Parker S. Kennedy was named chairman and chief executive officer of the Company in 2003. He served as its president from 1993 to 2004 and was an executive vice president of the Company from 1986 to 1993. He has been employed by the Company's subsidiary, First American Title Insurance Company, since 1977 and became a vice president of that company in 1979 and a director in 1981. During 1983, he was appointed executive vice president of First American Title Insurance Company, and in 1989 was appointed its president. He now serves as its chairman, a position to which he was appointed in 1999.
- Frank V. McMahon was named vice chairman and chief financial officer of the Company effective March 31, 2006. On April 10, 2008, he relinquished his position as chief financial officer to focus his attention on the information solutions business which he leads. Mr. McMahon has also served as a director of the Company's subsidiary, First Advantage Corporation, since 2006. Mr. McMahon was a managing director of Lehman Brothers Holdings, Inc., from 1999 to 2006.
- Dennis J. Gilmore was named chief operating officer of the Company in 2004 and currently leads the financial services business and serves as president of the Company's subsidiary, First American Title Insurance Company. He served as an executive vice president of the Company from 2003 to 2004 and served as president of the property information business segment (now known as the data and analytic solutions segment) from 1998 to 2005. He established and managed the Lenders Advantage division of First American Title Insurance Company, from 1993 to 1998 and was employed by the Company's tax service subsidiary from 1988 to 1993.
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Max O. Valdes has served as the Company's chief financial officer since April 10, 2008, a position he also served in between January 2006 and March 2006. He also has served as senior vice president and chief accounting officer of the Company since 2006, and as vice president and chief accounting officer from 2002 to 2006. Prior to that time, Mr. Valdes served as the Company's controller. He has been employed by the Company since 1988.

- Anand K. Nallathambi was appointed to serve as chief executive officer of First Advantage Corporation in March 2007 and president of First Advantage in September 2005 following First Advantage's acquisition of the Company's credit information group. Prior to joining First Advantage, Mr. Nallathambi served as president of the Company's credit information group and as president of First American Appraisal Services from 1996 to 1998.
- Barry M. Sando serves as president of the Company's information and outsourcing solutions business segment, a position he has held since 1997. He was president of the Company's flood zone certification subsidiary during 1997, served as its executive vice president from 1995 to 1997, and was employed by the Company's tax service subsidiary from 1991 to 1995.
- George S. Livermore serves as president of the Company's data and analytic solutions business segment, a position he has held since September, 2005. He was president of First American Real Estate Solutions L.P. since its formation in 1998.
- Kenneth D. DeGiorgio was named senior vice president and general counsel of the Company in 2004. In 2006, he also became the Company's secretary. Mr. DeGiorgio was vice president and associate general counsel of the Company from 2001 to 2004, and served as regulatory and acquisition counsel from 1999 to 2001.

**Executive Compensation****Compensation Tables**

The following tables set forth compensation information for the Company's named executive officers. Pursuant to applicable rules, the Company's named executive officers consist of the individuals serving as the chief executive officer and chief financial officer at any time during 2007 and the Company's three other most highly compensated executive officers who were serving as executive officers as of December 31, 2007. Further description of the information contained in these tables can be found in the Compensation Discussion and Analysis section, which follows the tables.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(1) (\$)	Option Awards(2) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(3) (\$)	All Other Compensation (\$)	Total (\$)
Parker S. Kennedy Chairman and Chief Executive Officer	2007	750,000	0	882,344	712,716		1,135,626	18,836(5)	3,499,522
	2006	750,000	912,500(4)	0	1,251,105		1,340,037	54,038(5)	4,307,682
Frank V. McMahon Vice Chairman	2007	698,629	0	867,915	592,320	800,000	372,001	28,316(8)	3,359,181
	2006	550,000(6)	875,000	197,604(7)	441,963	0	81,608	21,900(8)	2,168,085
Dennis J. Gilmore Chief Operating Officer	2007	647,885	0	555,322	503,426	750,000	187,026	42,075(9)	2,685,734
	2006	600,000	890,000	0	890,159	0	660,278	38,022(9)	3,078,460
Barry M. Sando President, Information and Outsourcing Solutions Segment	2007	525,000	0	272,940	435,117	540,000	91,281	10,655	1,874,933
	2006	525,000	865,000	0	771,672	0	340,487	47,788(10)	2,549,947
Curt G. Johnson President, Title Insurance and Services Segment	2007	541,462	0	297,426	53,371	725,000	424,650	9,113	2,051,021

## Notes:

- (1) Includes First Advantage Corporation restricted stock unit (RSU) awards during 2007 to Mr. Kennedy and Mr. McMahon in connection with their service on the First Advantage Corporation board of directors. Mr. Kennedy and Mr. McMahon have agreed to remit to the Company any after-tax benefit of such awards.
- (2) The Company did not award options to the named executive officers in 2007. Value reflects the FAS 123R fair value of awards amortized over the vesting period. Fair value was determined by using a lattice option pricing model in 2006 and a Black-Scholes methodology for prior years with the following assumptions:

2006	2005	2004	2003	2002
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Dividend yield	1.6% - 1.8%	1.5% - 2.3%	2.0% - 2.4%	1.8%	1.9%
Expected volatility	25.0%	39.7% - 41.4%	41.9% - 44.2%	45.1%	48.9%
Risk free average interest rate	4.3% - 4.8%	3.7% - 4.3%	3.7% - 4.2%	4.2%	4.2%
Expected term (years)	4.0 - 5.0	5.4 - 5.9	5.9 - 6.3	7	7

Also reflects option awards for board service at First Advantage Corporation to Mr. Kennedy and Mr. McMahon. Mr. Kennedy and Mr. McMahon have agreed to remit to the Company any after tax benefit they receive as a result of the awards. First Advantage utilized a lattice option pricing model in 2006 with the following assumptions: expected volatility (30%), risk free average interest rate (4.56%-4.81%), and expected term (5 years). Prior to 2006, First Advantage utilized a Black-Scholes methodology with the following

assumptions: for 2005, volatility (25%), term (6 years), risk free rate (4.52%); for 2004, volatility (34%), term (9 years), risk free rate (4.13%); and for 2003, volatility (34%), term (9 years), risk free rate (3.24%). All years assumed a 0% dividend yield.

- (3) Reflects the change in the present value of the life annuity from the fiscal year end 2006 to 2007 for both the qualified and non-qualified pension plans (entitled The First American Corporation Pension Plan, The First American Corporation Pension Restoration Plan and The First American Corporation Executive Supplemental Benefit Plan). It does not include earnings under the deferred compensation plan as such earnings are neither above market nor preferential. The Company's deferred compensation plan provides a return based on a number of mutual fund investment choices. See Pension Benefits table on page 24 for assumptions.
- (4) On February 27, 2007, at Mr. Kennedy's request, the Company's Compensation Committee shifted \$500,000 of his cash bonus for service in 2006 to RSUs which vest over five years and were issued on March 5, 2007. The actual cash payment was therefore reduced to \$412,500.
- (5) In 2007, this amount consists of (a) Company contributions of \$6,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) use of Company residences valued at \$3,700 and (c) Company-paid club membership dues of \$8,536. In 2006, this amount consists of (a) Company contributions of \$12,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) Company car allowance and estimated value of Company-paid gas totaling \$15,440, (c) Company-paid club membership dues of \$18,098, (d) estimated value of personal use of Company-owned residences of \$7,000 and (e) fees for attending board meetings of the Company totaling \$900.
- (6) Reflects Mr. McMahon's salary for the period from his hire date of March 31, 2006 through December 31, 2006.
- (7) Reflects the expense taken by the Company in 2006 in connection with Mr. McMahon's new hire grant of 33,334 RSUs valued at the closing price on the March 31, 2006 grant date of \$39.16 per share.

See Grants of Plan Based Awards on page 21 for additional information regarding this grant.

- (8) In 2007, this amount consists of (a) Company contributions of \$6,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) Company car allowance of \$10,800 and (c) Company-paid club membership dues of \$10,915. In 2006, this amount consists of (a) Company car allowance of \$9,900, (b) Company-paid club membership dues of \$5,400 and (c) fees for attending board meetings of the Company and its subsidiaries totaling \$6,600.
- (9) In 2007, this amount consists of (a) Company contributions of \$6,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) life insurance premiums of \$233, (c) Company car allowance of \$10,080 and (d) Company-paid club membership dues of \$25,162. In 2006, this amount consists of (a) Company contributions of \$12,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) Company car allowance of \$13,200, (c) Company-paid club membership dues of \$10,584, (d) estimated value of the use of Company-owned season tickets of \$520, (e) life insurance premiums of \$218 and (f) fees for attending board meetings of the Company totaling \$900.
- (10) This amount consists of (a) Company contributions of \$12,600 to his account in the Company's tax qualified 401(k) Savings Plan, (b) Company car allowance and estimated value of Company-paid gas totaling \$10,900, (c) Company-paid club membership dues of \$19,440, (d) estimated value of the use of Company-owned season tickets of \$1,200 and (e) life insurance premiums of \$3,648.

*Grants of Plan-Based Awards*

The following table contains information concerning awards of restricted stock units (RSUs) and performance units made to each of the named executive officers during fiscal year 2007. In February 2007, the Company repriced unexercised options that were held by named executive officers of the Company and with respect to which the Company used an incorrect measurement date for accounting purposes. The Company only repriced those options where the resulting strike price was higher than the original strike price. For further discussion, see the Compensation Discussion and Analysis section commencing on page 39.

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Parker S. Kennedy	4/26/2007	4/26/2007(1)						2,838	\$ 64,990	
	3/5/2007	1/9/2007(2)					29,637		\$ 1,412,499	
	3/5/2007	1/9/2007(3)					15,736		\$ 749,978	
	3/31/2007	3/20/2007(4)			1,825,000					
Frank V. McMahon	4/26/2007	4/26/2007(1)						2,838	\$ 64,990	
	3/5/2007	1/9/2007(2)					18,359		\$ 874,990	
	3/5/2007	1/9/2007(3)					14,687		\$ 699,982	
	3/31/2007	3/20/2007(4)			1,750,000					
Dennis J. Gilmore	3/5/2007	1/9/2007(2)					17,310		\$ 824,995	
	3/5/2007	1/9/2007(3)					13,638		\$ 649,987	
	3/31/2007	3/20/2007(4)			1,650,000					
Barry M. Sando	3/5/2007	1/9/2007(2)					4,196		\$ 199,981	
	3/5/2007	1/9/2007(3)					11,015		\$ 524,975	
	3/31/2007	3/20/2007(4)			1,600,000					
Curt G. Johnson	3/5/2007	1/9/2007(2)					5,035		\$ 239,968	
	3/5/2007	1/9/2007(3)					11,540		\$ 549,996	
	3/31/2007	3/20/2007(4)			1,920,000					

- Grant represents RSUs that convert to full-value shares of First Advantage Corporation Class A common stock, granted for service as a director of First Advantage. These awards vest over a three-year period commencing on the first anniversary date of grant. Mr. Kennedy and Mr. McMahon have agreed to remit to the Company any after-tax benefit they receive as a result of this award.
- Grants represent the portion of the 2006 annual bonus, paid in 2007, in the form of RSUs, referred to as Bonus RSUs. Vesting of Bonus RSUs generally occurs at a rate of 20% per year on each anniversary of the date of grant, and was not payable unless, as was the case, the net income of the Company for 2007 was at least \$50 million, excluding (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary, unusual and/or nonrecurring items of gain or loss and (f) foreign exchange gains and losses (Extraordinary Items).
- Grants represent Long-Term Incentive RSUs which were issued to the named executive officers in an amount roughly equal to their base pay. Vesting of Long-Term Incentive RSUs generally occurs at a rate of 20% per year on each anniversary of the date of grant, and was not payable unless, as was the case, the net income of the Company for 2007 was at least \$50 million, excluding Extraordinary Items.
- Awards represent the maximum amount payable with respect to performance units awarded under the Company's incentive compensation plan for 2007. None of the awards were payable unless, as was the case, the net income of the Company for 2007 was at least \$100 million, excluding Extraordinary Items. The performance units converted to cash after the Compensation Committee determined that the

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performance target had been met. The Compensation Committee has the discretion to reduce the amount of the performance units, and, for 2007, it exercised this discretion. These performance units were awarded to permit the Company to deduct, for tax purposes, the entire amount of bonuses paid to named executive officers. See Compensation Discussion and Analysis Annual Incentives commencing on page 41. The amounts identified in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for 2007 are the actual amounts paid under the plan.



*Outstanding Equity Awards at Fiscal Year-End*

The following table shows outstanding equity awards of the Company and (in the table below on page 23) its publicly traded subsidiary, First Advantage Corporation, held by the named executive officers as of December 31, 2007.

**The First American Corporation**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested(2) (#)	Market Value of Shares or Units of Stock That Have Not Vested(3) (\$)
Parker S. Kennedy	30,000		29.54	4/23/2008		
	40,000		13.13	2/24/2010		
	40,000		30.80	12/14/2010		
	40,000		18.08	12/13/2011		
	64,000	16,000	22.85	2/27/2013		
	48,000	32,000	30.56	2/26/2014		
	32,000	48,000	36.55	2/28/2015		
	32,000	48,000	47.49	12/8/2015		
					46,033(4)	1,570,646
Frank V. McMahon	60,000	240,000	39.16	3/31/2016	27,535(5)	939,494
					33,518(4)	1,143,634
Dennis J. Gilmore	20,000		30.80	12/14/2010		
	8,000		19.20	12/13/2011		
	6,000		19.10	7/23/2012		
	40,000	10,000	22.85	2/27/2013		
	30,000	20,000	30.56	2/26/2014		
	24,000	36,000	36.55	2/28/2015		
	24,000	36,000	47.49	12/8/2015		
					31,393(4)	1,071,129
Curt G. Johnson	2,000		19.10	7/23/2012		
	2,500	2,500	26.35	3/12/2013		
	10,000	2,500	26.35	4/1/2013		
	2,000	8,000	46.48	1/13/2016		
					16,810(4)	573,557
Barry M. Sando	4,000		30.80	12/14/2010		
	20,000		19.20	12/13/2011		
	10,000		19.10	7/23/2012		
	40,000	10,000	22.85	2/27/2013		
	30,000	20,000	30.56	2/26/2014		
	20,000	30,000	36.55	2/28/2015		
	20,000	30,000	47.49	12/8/2015		
					15,421(4)	526,165

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- (1) The options disclosed in the table have a ten-year life. Options vest in 20% equal annual increments commencing on the first anniversary of the grant.

Remaining vesting dates for each grant that is not fully vested include:

<u>Expiration Date</u>	<u>Remaining Vesting Dates</u>
3/31/2016	3/31/2008, 3/31/2009, 3/31/2010, 3/31/2011
1/13/2016	1/13/2008, 1/13/2009, 1/13/2010, 1/13/2011
12/8/2015	12/8/2008, 12/8/2009, 12/8/2010
2/28/2015	2/28/2008, 2/28/2009, 2/28/2010
2/26/2014	2/26/2008, 2/26/2009
4/1/2013	4/1/2008
3/12/2013	3/12/2008
2/27/2013	2/27/2008

- (2) Restricted stock units vest in 20% equal annual increments commencing on the first anniversary of the grant.
- (3) Represents the in-the-money value of unvested equity based on a stock price of \$34.12 as of December 31, 2007.
- (4) Remaining vesting dates include: 3/05/2008, 3/05/2009, 3/05/2010, 3/05/2011, 3/05/2012.
- (5) Remaining vesting dates include: 3/31/2008, 3/31/2009, 3/31/2010, 3/31/2011.

**First Advantage Corporation**

<u>Name</u>	<u>Option Awards</u>				<u>Stock Awards</u>	
	<u>Number of Securities Underlying Unexercised Options (#) Exercisable</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date(1)</u>	<u>Number of Shares or Units of Stock That Have Not Vested (#)</u>	<u>Market Value of Shares or Units of Stock That Have Not Vested(2) (\$)</u>
Parker S. Kennedy	5,000		20.58	6/19/2013		
	2,500		20.90	6/21/2014		
	1,667	833	27.93	9/13/2015		
	835	1,665	25.13	5/11/2016		
					2,838(3)	46,742
Frank V. McMahon	1,670	3,330	24.13	4/3/2016		
	835	1,665	25.13	5/11/2016		
					2,838(3)	46,742

- (1) Stock options vest cumulatively in three installments commencing on the first anniversary of the grant. The first and second year vesting installments are 33.3%. The third year installment is at 33.4%.

Remaining vesting dates for each grant include:

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<u>Option Expiration Date</u>	<u>Remaining Vesting Dates</u>
5/11/2016	5/11/2008, 5/11/2009
4/3/2016	4/3/2008, 4/3/2009
9/13/2015	9/13/2008

- (2) Represents the in-the-money value of unvested equity based on a stock price of \$16.47 as of December 31, 2007.
- (3) Restricted stock units vest cumulatively in three installments commencing on the first anniversary of the grant. The first and second year vesting installments are 33.3%. The third year installment is at 33.4%. Remaining vesting dates for each restricted stock unit award that is not fully vested include: 4/26/2008, 4/26/2009, 4/26/2010.

*Option Exercises and Stock Vested*

The following table sets forth information concerning value realized by each of the named executive officers upon exercise of stock options and vesting of stock during 2007.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Parker S. Kennedy	0	0	0	0
Frank V. McMahon	0	0	6,813	344,982
Dennis J. Gilmore	22,500	385,311	0	0
Barry M. Sando	0	0	0	0
Curt G. Johnson	6,692	167,747	0	0

*Pension Benefits*

The following table shows the actuarial present value of the accumulated retirement benefits payable upon normal retirement age to each of the named executive officers, computed as of December 31, 2007. The amounts disclosed are based upon benefits provided to the named executive officers under the tax-qualified First American Pension Plan ( Pension Plan ), the First American Pension Restoration Plan ( Pension Restoration Plan ) and the First American Executive Supplemental Benefit Plan ( Executive Supplemental Benefit Plan ).

Name	Plan Name	Number of Years Credited Service(1) (#)	Present Value of Accumulated Benefits(2)(3) (\$)	Payments During Last Fiscal Year (\$)
Parker S. Kennedy(4)	Pension Plan	30.7	355,042	
	Pension Restoration Plan	30.7	244,174	
	Executive Supplemental Benefit Plan	30.7	8,884,603	
Frank V. McMahon	Executive Supplemental Benefit Plan	1.8	453,609	
Dennis J. Gilmore	Pension Plan	14.6	64,569	
	Pension Restoration Plan	14.6	39,504	
	Executive Supplemental Benefit Plan	14.6	2,221,376	
Barry M. Sando	Pension Plan	15.1	63,940	
	Pension Restoration Plan	15.1	37,629	
	Executive Supplemental Benefit Plan	16.1	1,723,774	
Curt G. Johnson	Pension Plan	11.9	63,131	
	Pension Restoration Plan	11.9	23,183	
		11.9	2,278,304	

Executive Supplemental Benefit  
Plan

- 
- (1) Credited years of service for the Executive Supplemental Benefit Plan is the time between the beginning of the month after hire date and December 31, 2007, and does not affect the benefit to the executive after minimum service requirements are met. Credited years of service for both the Pension Plan and Pension Restoration Plan is the time between the participant's deemed participation date under the plan and December 31, 2007.

- (2) For the Pension Plan and the Pension Restoration Plan benefits: Benefits accrue from hire date through age 65. The following assumptions were used for calculating present values: interest rate of 6.30%, pre- and post retirement mortality per RP2000 mortality tables for males and females, benefit is payable as a 50% joint and survivor annuity, spouse is assumed to be three years younger than participant.

For the Executive Supplemental Benefit Plan eligibility: Eligibility requires 10 years of service and 5 years of participation in the plan with the benefit dependent on age at retirement between 55 and 62, rather than credited years of service. The following assumptions were used for calculating present values: interest rate of 6.30%, pre- and post retirement mortality per RP2000 mortality tables for males and females, benefit is payable as a 50% joint and survivor annuity, spouse is assumed to be the same age as participant.

- (3) The present values under the Executive Supplemental Benefit Plan for Mr. Kennedy were calculated using a retirement age of 60 because he was vested on November 1, 2007, the effective date of the plan amendment, and as a result is entitled to receive the higher of the benefit as calculated under the amended plan at Normal Retirement or what he would have otherwise received had he retired on October 31, 2007.
- (4) Mr. Kennedy is eligible for early retirement due to service requirements and age as described further below.

*(1) Pension Plan*

Subject to certain conditions of age and tenure, all regular employees of the Company and participating subsidiaries were eligible to join the Pension Plan until December 31, 2001. No employees have been eligible to join the Pension Plan after that date. In order to participate, during plan years ending on or prior to December 31, 1994, an employee was required to contribute 1 1/2% of pay (*i.e.*, base salary plus cash bonuses, commissions and other pay) to the plan. As a result of amendments that were adopted in 1994, during plan years commencing after December 31, 1994, an employee was not required to contribute to the plan in order to participate.

A participant generally vests in his accrued benefit attributable to the Company's contributions upon the completion of three years of service or, if earlier, employment through normal retirement age.

Normal retirement age is defined under the Pension Plan as the later of the employee's attainment of age 65 or his third anniversary of participation in the plan. Upon retirement at normal retirement age, an employee receives full monthly benefits which are equal, when calculated as a life annuity: (1) for years of credited service with the Company and its subsidiaries as of December 31, 1994, to 1% of the first \$1,000 and 1 1/4% of remaining final average pay (*i.e.*, the average of the monthly pay, as defined above, during the five highest paid consecutive calendar years out of the last 10 years prior to retirement) times the number of years of credited service as of December 31, 1994; and (2) for years of credited service with the Company and its subsidiaries after December 31, 1994, to 3/4% of the first \$1,000 and 1% of the remaining final average pay times the number of years of credited service subsequent to December 31, 1994.

Effective December 31, 2000, the Pension Plan was amended to exclude from the calculation of benefits (i) any pay earned after December 31, 2001, and (ii) any service earned after December 31, 2005. Effective December 31, 2002, the Pension Plan was amended to reduce the rate at which future benefits accrue for participants who had not yet attained age 50 by spreading the accrual of the benefit that would have accrued during 2003 to 2005 over extended periods ranging from 5 to 20 years, depending on the participant's age as of December 31, 2002. The Pension Plan was amended in February 2008 to eliminate benefit accruals for service after April 30, 2008.

An employee with at least three years of participation in the plan may elect to retire after attaining age 55, but prior to age 65, and receive reduced benefits. Benefits are reduced 1/180<sup>th</sup> by each of the first 60 months and by 1/360<sup>th</sup> for each of any additional months by which the date benefits begin precedes the participant's normal retirement date. Benefit payment options include various annuity options, a form of benefit that

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is reduced prior to the participant's commencement of Social Security benefits, and a lump-sum in the case of certain terminations prior to age 55 and upon disability.



Federal tax law limits the maximum amount of pay that may be considered in determining benefits under the Pension Plan. The limit on pay that could be recognized by tax-qualified retirement plans was \$200,000 in 1989. This amount was adjusted for inflation for each year through 1993, when the limit was \$235,840. In 1993, this limit was decreased to \$150,000 for plan years beginning in 1994. The \$150,000 limit has been adjusted for inflation and was increased to \$160,000 as of January 1, 1997, and to \$170,000 as of January 1, 2000. The highest final average pay that could be considered in determining benefits accruing under the Pension Plan before 1994 is \$219,224, and since the plan does not consider pay earned after December 31, 2001, the highest final average pay that can be considered in determining benefits accruing after 1993 is \$164,000.

*(2) Pension Restoration Plan*

During 1996, the Company adopted the Pension Restoration Plan. This plan is an unfunded, non-qualified plan designed to make up for the benefit accruals that are restricted by the indexed \$150,000 pay limit. However, in order to limit its expense, the Pension Restoration Plan does not make up for benefit accruals on compensation exceeding \$275,000. The Pension Restoration Plan also makes up for benefits that cannot be paid from the Company's Pension Plan because of limitations imposed by the federal tax laws. Vesting of benefits payable to an employee under the Company's Pension Restoration Plan occurs at the same time that vesting occurs for that employee in his or her Pension Plan benefits. The Pension Restoration Plan is effective as of January 1, 1994, but only covers selected Pension Plan participants who were employees on that date. As noted above, January 1, 1994, is the date as of which the pay limit for the Pension Plan was reduced from \$235,840 to \$150,000. The Pension Restoration Plan excludes pay earned after December 31, 2001, as does the Pension Plan. The Pension Restoration Plan was amended in February 2008 to eliminate benefit accruals for service after April 30, 2008.

Payment of benefits under the Pension Restoration Plan generally commences at the time payments commence under the Pension Plan. Subject to any applicable laws and the approval of the Compensation Committee, benefit options under the Pension Restoration Plan are generally similar to those available under the Pension Plan. The factors for early retirement are the same as those under the Pension Plan.

*(3) Executive Supplemental Benefit Plan Description*

The Executive Supplemental Benefit Plan provides retirement benefits for, and pre-retirement death benefits with respect to, certain key management personnel. The plan was originally adopted in 1985 and has been amended a number of times since then, including, most recently, in October 2007. Under the plan, as originally adopted, upon retirement at normal retirement date (the later of age 65 or completion of 10 years of service) the participant received a joint life and 50% survivor annuity benefit equal to 35% of final average compensation. Final average compensation was determined for those three calendar years out of the last 10 years of employment preceding retirement in which final average compensation is the highest. Final average compensation includes base salary and commissions, cash bonuses and stock bonuses that are granted to compensate for past services (such as Bonus RSUs, as described below).

Under the original plan, the benefit was reduced by 5% for each year prior to normal retirement date in which retirement occurs and, until age 70, increased by 5% (compounded in order to approximate the annuitized value of the benefit had retirement occurred at age 65) for each year after such date in which retirement occurs. With respect to such postponed retirement, the plan took into account covered compensation received until age 70, so that the retirement benefit of an executive who retires after normal retirement date is determined as the greater of the annuitized benefit or the benefit calculated using final average compensation until age 70.

To be eligible to receive benefits under the plan, a participant must be at least age 55, have been an employee of the Company, or an employee of one of the Company's subsidiaries, for at least 10 years and covered by the plan for at least five years. A pre-retirement death benefit is provided consisting of 10 annual payments, each of which equals 50% of final average compensation. The Board can, in its discretion, pay the participant or beneficiary in an actuarial equivalent lump-sum or other form of benefit. In the event of a change-in-control (as defined in the

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plan) of the Company, a participant who retires after the change-in-control shall receive the same benefits as if he were retiring upon the attainment of normal retirement date.

The Executive Supplemental Benefit Plan was amended in September 2005 to provide that participants who thereafter engage in competition with the Company, either during their employment with or following their departure from the Company, forfeit their right to receive any vested benefits under the plan. Competition is defined to include involvement with a competing business, the misappropriation, sale, use or disclosure of the Company's trade secrets, confidential or proprietary information and solicitation of Company employees or customers.

To reduce the costs of the plan to the Company, the plan was further amended in October 2007. Among other changes, this amendment reduced the normal retirement date to the later of age 62, the date on which the participant completes 10 years of service with the Company and the date on which the participant was covered, in combination, by the plan or the Company's Management Supplemental Benefit Plan; changed the period over which final average compensation is determined to the five calendar years preceding retirement; reduced the maximum benefit payable to a joint life and 50% survivor annuity benefit equal to 30% of final average compensation; eliminated any increased benefit for postponed retirement beyond the normal retirement date; and provided for accelerated vesting only upon a change-in-control that is not approved by the Company's incumbent Board of Directors. The benefit is reduced by 5.952% for each year prior to age 62 in which retirement actually occurs. Participants who were vested as of the effective date of the amendment, November 1, 2007, are entitled to receive the higher of the benefit as calculated under the amended plan and the benefit to which the participant would have been entitled had he retired on October 31, 2007.

As of December 31, 2007, 43 employees, including Messrs. Kennedy, McMahon, Gilmore, Sando and Johnson have been selected to participate in the plan. The plan is unfunded and unsecured. The Company has previously purchased insurance, of which the Company is the owner and beneficiary, on the lives of certain plan participants. This insurance is designed to offset, over the life of the plan, a portion of the Company's costs incurred with respect to the plan.

*Deferred Compensation Plan*

As reflected in the following table, certain of the Company's named executive officers have elected to participate in the Company's nonqualified deferred compensation plan (the "Deferred Compensation Plan"):

Name	Executive Contributions in Last FY(1) (\$)	Registrant Contributions in Last FY(2) (\$)	Aggregate Earnings in Last FY(3) (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE(4) (\$)
Parker S. Kennedy	0	0	0	0	0
Frank V. McMahon	130,000	0	3,387	0	207,516
Dennis J. Gilmore	150,000	0	53,640	0	772,715
Barry M. Sando	22,600	0	38,453	0	440,547
Curt G. Johnson	77,073	0	35,805	0	488,887

- (1) The entire amount of contributions are reported in the Summary Compensation Table in the Salary or Non-Equity Incentive Plan column for 2007.
- (2) The Company does not make contributions to the Deferred Compensation Plan.
- (3) Represents earnings on participant selected investment options. None of the amounts are reflected in the Summary Compensation Table as the return on deferred amounts are calculated in a similar manner and at a similar rate as earnings on externally managed mutual funds.
- (4)

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Includes contributions reported in prior years summary compensation tables (or equivalent), where applicable, including \$70,000 for Mr. McMahon in 2006; \$150,000, \$300,000, \$50,000, and \$50,000 for Mr. Gilmore in 2006, 2005, 2004 and 2003, respectively, and \$34,050 and \$33,600 for Mr. Sando in 2006 and 2003, respectively.

The Company's Deferred Compensation Plan offers to a select group of management and highly compensated employees the opportunity to elect to defer portions of their base salary, commissions and cash bonuses. A committee appointed by the Board of Directors is responsible for administering the plan. The Company maintains a deferral account for each participating employee on a fully vested basis for all deferrals. Participants can choose to have their cash benefits paid in one lump-sum or in quarterly payments upon termination of employment or death. Subject to the terms and conditions of the plan, participants also may elect scheduled and nonscheduled in-service withdrawals of compensation deferred prior to January 1, 2005, and the earnings and losses attributable thereto. Withdrawals of compensation deferred after December 31, 2004, and the earnings and losses attributable thereto must be scheduled by the participant at the time the participant elects to defer such compensation.

Participants allocate their deferrals among a variety of investment crediting options offered under the plan. The investment crediting rates are based upon the rates of return available under certain separate accounts offered through variable insurance products.

For all participants who joined the Deferred Compensation Plan prior to December 31, 2001, the plan provides a pre-retirement life insurance benefit equal to the lesser of 15 times the amount deferred in the participant's first year of participation or \$2 million. The life insurance benefit is reduced beginning at age 61 by 20% per year. Participants who join the plan after December 31, 2001 are not eligible for this insurance benefit. The Company pays a portion of the cost of such life insurance benefits. The plan is unfunded and unsecured.

*Potential Payments upon Termination or Change-in-Control*

The following tables describe payments and other benefits that would be provided to the Company's named executive officers under the specified circumstances upon a change-in-control of the Company or their termination. For further discussion, see "Change-in-Control Agreements" in the Compensation Discussion and Analysis section which follows the tables, commencing on page 39, and see "Executive Supplemental Benefit Plan Description" above on page 26.

Parker S. Kennedy

Executive Payments and Benefits upon Termination	Voluntary Termination(1)	Involuntary Termination		Change-in-Control				
		For Cause	Without Cause/ Good Reason	Without Termination(15)	With Termination for Good Reason/ without Cause	Death	Disability	
<b>Compensation:</b>								
Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,450,000(2)	\$ 0	\$ 0	
Bonus	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,400,000(3)	\$ 0	\$ 0	
Performance Units	\$ 0	\$ 0	\$ 0	\$ 1,825,000	\$ 1,825,000	\$ 0	\$ 0	
Long-term Incentives								
- Accelerated Vesting of Stock Options(4)(5)	\$ 0	\$ 0	\$ 0	\$ 294,240	\$ 294,240	\$ 294,240	\$ 294,240	
- Vested Stock Options(4)(6)	\$ 2,643,560	\$ 0	\$ 2,643,560	\$ 2,643,560	\$ 2,643,560	\$ 2,643,560	\$ 2,643,560	
- Accelerated vesting of RS/RSUs(4)	\$ 0	\$ 0	\$ 1,570,646	\$ 1,570,646	\$ 1,570,646	\$ 1,570,646	\$ 1,570,646	
Deferred Compensation Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Director Compensation from Subsidiary Organizations								
- FADV Accelerated Vesting of Stock Options(7)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- FADV Vested Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- FADV Accelerated Vesting of RS/RSUs(7)	\$ 0	\$ 0	\$ 0	\$ 46,742	\$ 46,742	\$ 46,742	\$ 0	
<b>Benefits &amp; Perquisites:</b>								
Vested Pension Plan	\$ 402,131	\$ 402,131	\$ 402,131	\$ 0	\$ 402,131	\$ 203,499(8)	\$ 402,131	
Vested Pension Restoration Plan	\$ 276,558	\$ 276,558	\$ 276,558	\$ 0	\$ 276,558	\$ 139,952(8)	\$ 276,558	
Enhanced Executive Supplemental Benefit Plan(9)								
Vested Executive Supplemental Benefit Plan	\$ 8,884,603(11)	\$ 0	\$ 8,884,603(11)	\$ 0	\$ 8,884,603(11)	\$ 8,884,603(11)	\$ 8,884,603(11)	
Benefit Continuation(13)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,838	\$ 0	\$ 0	
Vacation Entitlement	\$ 72,115	\$ 72,115	\$ 72,115	\$ 0	\$ 72,115	\$ 72,115	\$ 72,115	
280G Tax Gross-up	N/A	N/A	N/A	\$ 0	\$ 7,309,125(14)	N/A	N/A	
<b>Total</b>	<b>\$ 12,278,967</b>	<b>\$ 750,805</b>	<b>\$ 13,849,613</b>	<b>\$ 6,380,188</b>	<b>\$ 38,242,086</b>	<b>\$ 14,892,344</b>	<b>\$ 14,143,853</b>	

- (1) Voluntary termination would qualify as early retirement under the Executive Supplemental Benefit Plan. Under the plan, early retirement is defined as retirement at age 55 and satisfaction of the vesting requirement.
- (2) Represents three times the executive's base salary in effect immediately prior to the date of termination and three times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year. Because the 2007 bonus was presumed to be indeterminate as of December 31, 2007, it was not included in this estimate.
- (3) Represents the pro rata portion of the executive's annual bonus (the applicable agreement provides for the payment of the greater of the highest bonus over last four fiscal years or the anticipated bonus for the year of the date of termination).
- (4) Represents the intrinsic value of stock options and RSUs based on the Company's closing stock price on December 31, 2007, of \$34.12.

- (5) The 1996 Stock Option Plan and related agreement provide for acceleration of unvested options in the event of a change-in-control of the Company, death or disability.
- (6) Options granted under the 1996 Stock Option Plan are exercisable within: 5 days of voluntary termination or termination without cause; 90 days of retirement; and one year of death or disability.
- (7) Per First Advantage Corporation's Incentive Compensation Plan, options and RSUs accelerate in the event of a change-in-control of First Advantage Corporation. Mr. Kennedy has agreed to remit to the Company any after-tax benefit he receives as a result of accelerated vesting.
- (8) Represents the lump-sum present value equal to one half of accrued benefit, converted to qualified joint and survivor form and payable to female spouse three years younger than participant at the later of participant's current age or age 55.
- (9) Enhanced Executive Supplemental Benefit Plan refers to any payments which accrue to the participant in addition to his current vested benefit amount under the various scenarios for the Executive Supplemental Benefit Plan.
- (10) Upon a change-in-control of the Company the executive becomes 100% vested in the benefit in an amount equal to the amount the executive would have been entitled to receive had he attained his normal retirement date, and a joint and survivor annuity. Represents the enhanced present value of benefit calculated using the following assumptions: RP-2000M mortality tables and a discount rate of 6.30%.
- (11) Represents the present value of benefit calculated using the following assumptions: RP-2000M mortality tables and a discount rate of 6.30%.
- (12) Enhanced benefit as calculated based on a 10 year certain payments at a 6.30% discount rate equal to 50% of participant's final average compensation.
- (13) Represents cash payment to the executive to cover cost to purchase benefits, including gross-up payment to cover income taxes. Amount assumes the cost of health and welfare benefits of \$964.48 per month will increase 10% in 2009.
- (14) Under the applicable agreement, if payments are subject to excise taxes imposed under Internal Revenue Code Section 4999 the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied. The following assumptions were used to calculate payments under Section 280G:
  - Equity valued at the Company's closing stock price on December 31, 2007, of \$34.12, less option exercise prices.
  - Parachute payments for time vesting stock options, restricted stock and RSUs were valued using Treasury Regulation Section 1.280G-1 Q&A 24(c).
  - Calculations assume a portion of 2007 bonus is reasonable compensation for services rendered prior to the change-in-control.
- (15) Should the executive voluntarily terminate employment during the window period (the 30 days following the first anniversary of the change-in-control) severance equals two times the executive's base salary in effect immediately prior to the date of termination and two times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year.

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If payments are subject to excise taxes imposed under Internal Revenue Code Section 4999, the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied.



## Frank V. McMahon

Executive Payments and Benefits upon Termination	Involuntary Termination			Change-in-Control				
	Voluntary Termination	For Cause	Without Cause/ Good Reason	Without Termination(12)	With Termination for Good Reason/ without Cause	Death	Disability	
<b>Compensation:</b>								
Severance	\$ 0	\$ 0	\$ 5,687,500(1)	\$ 0	\$ 7,350,000(2)	\$ 0	\$ 0	
Bonus	\$ 0	\$ 0	N/A	\$ 0	\$ 1,750,000(3)	\$ 0	\$ 0	
Performance Units	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000	\$ 0	\$ 0	
Long-term Incentives								
- Accelerated Vesting of Stock Options(4)(5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- Vested Stock Options(4)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- Accelerated vesting of RS/RSUs(4)	\$ 0	\$ 0	\$ 2,083,128	\$ 2,083,128	\$ 2,083,128	\$ 1,143,634	\$ 1,143,634	
Director Compensation from Subsidiary Organizations								
- FADV Accelerated Vesting of Stock Options(6)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- FADV Vested Stock Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
- FADV Accelerated Vesting of RS/RSUs(6)	\$ 0	\$ 0	\$ 0	\$ 46,742	\$ 46,742	\$ 46,742	\$ 0	
Deferred Compensation Plan	\$ 207,516	\$ 207,516	\$ 207,516	\$ 0	\$ 207,516	\$ 207,516	\$ 207,516	
<b>Benefits &amp; Perquisites:</b>								
Vested Pension Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Vested Pension Restoration Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Enhanced Executive Supplemental Benefit Plan(7)	\$ 0	\$ 0	\$ 0	\$ 0(8)	\$ 7,318,372(9)	\$ 6,608,805(10)	\$ 2,402,010(11)	
Vested Executive Supplemental Benefit Plan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Benefit Continuation(13)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,329	\$ 0	\$ 0	
Vacation Entitlement	\$ 40,385	\$ 40,385	\$ 40,385	\$ 0	\$ 40,385	\$ 40,385	\$ 40,385	
280G Tax Gross-up(14)	N/A	N/A	N/A	\$ 2,257,416	\$ 8,498,192	N/A	N/A	
<b>Total</b>	<b>\$ 247,900</b>	<b>\$ 247,900</b>	<b>\$ 8,018,529</b>	<b>\$ 5,187,286</b>	<b>\$ 28,181,663</b>	<b>\$ 8,047,081</b>	<b>\$ 3,793,544</b>	

- (1) Per his employment agreement, Mr. McMahon is entitled to minimum cash compensation (equal to \$1,750,000 per year) until March 31, 2011.
- (2) Represents three times the executive's base salary in effect immediately prior to the date of termination and three times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year. Because the 2007 bonus was presumed to be indeterminate as of December 31, 2007, it was not included in this estimate.
- (3) Represents the pro rata portion of the executive's annual bonus (the applicable agreement provides for the payment of the greater of the highest bonus over last four fiscal years or the anticipated bonus for the year of the date of termination).
- (4) Represents the intrinsic value of stock options and RSUs based on the Company's closing stock price on December 31, 2007, of \$34.12.
- (5)

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Mr. McMahon's employment agreement and option award provide for acceleration of unvested options in the event of termination without cause upon a change-in-control.

- (6) Per First Advantage Corporation's Incentive Compensation Plan, options and RSUs accelerate in the event of a change-in-control of First Advantage Corporation. Mr. McMahon has agreed to remit to the Company any after-tax benefit he receives as a result of accelerated vesting.
- (7) Enhanced Executive Supplemental Benefit Plan refers to any payments which accrue to the participant under the various scenarios for the Executive Supplemental Benefit Plan.
- (8) Upon a change-in-control of the Company the executive becomes 100% vested in the benefit in an amount equal to the amount the executive would have been entitled to receive had he attained his normal retirement date, and a joint and survivor annuity.
- (9) Represents the enhanced present value of benefit calculated using the following assumptions: RP-2000M mortality tables and a discount rate of 6.30%.
- (10) Represents the present value of 10 year certain payments at a 6.30% discount rate, equal to 50% of participant's final average compensation.
- (11) Represents the present value of benefit calculated using the following assumptions: RP-2000M mortality tables, a discount rate of 6.30%, and participant remains disabled until earliest retirement date at age 55.
- (12) Should the executive voluntarily terminate employment during the window period (the 30 days following the first anniversary of the change-in-control) severance equals two times the executive's base salary in effect immediately prior to the date of termination and two times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year.

If payments are subject to excise taxes imposed under Internal Revenue Code Section 4999, the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied.

- (13) Represents cash payment to the executive to cover cost to purchase benefits, including gross-up payment to cover income taxes. Amount assumes the cost of health and welfare benefits of \$1,434.35 per month will increase 10% in 2009.
- (14) Under the applicable agreement, if payments are subject to excise taxes imposed under Internal Revenue Code Section 4999 the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied. The following assumptions were used to calculate payments under Section 280G:
  - Equity valued at the Company's closing stock price on December 31, 2007, of \$34.12, less option exercise prices.
  - Parachute payments for time vesting stock options, restricted stock and RSUs were valued using Treasury Regulation Section 1.280G-1 Q&A 24(c).
  - Calculations assume a portion of 2007 bonus is reasonable compensation for services rendered prior to the change-in-control.

Dennis J. Gilmore

Executive Payments and Benefits upon Termination	Involuntary Termination			Change-in-Control			
	Voluntary Termination	For Cause	Without Cause/ Good Reason	Without Termination(14)	With Termination for Good Reason/ without Cause	Death	Disability
<b>Compensation:</b>							
Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,055,000(1)	\$ 0	\$ 0
Bonus	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,035,000(2)	\$ 0	\$ 0
Performance Units	\$ 0	\$ 0	\$ 0	\$ 750,000	\$ 750,000	\$ 0	\$ 0
<b>Long-term Incentives</b>							
- Accelerated Vesting of Stock Options(3,4)	\$ 0	\$ 0	\$ 0	\$ 183,900	\$ 183,900	\$ 183,900	\$ 183,900
- Vested Stock Options(3,5)	\$ 833,480	\$ 0	\$ 833,480	\$ 833,480	\$ 833,480	\$ 833,480	\$ 833,480
- Accelerated vesting of RS/RSUs(3)	\$ 0	\$ 0	\$ 1,071,129	\$ 1,071,129	\$ 1,071,129	\$ 1,071,129	\$ 1,071,129
Deferred Compensation Plan	\$ 772,715	\$ 772,715	\$ 772,715	\$ 0	\$ 772,715	\$ 847,715	\$ 772,715
<b>Benefits &amp; Perquisites:</b>							
Vested Pension Plan	\$ 64,569	\$ 64,569	\$ 64,569	\$ 0	\$ 64,569	\$ 40,841(6)	\$ 64,569
Vested Pension Restoration Plan	\$ 39,504	\$ 39,504	\$ 39,504	\$ 0	\$ 39,504	\$ 24,987(6)	\$ 39,504
Enhanced Executive Supplemental Benefit Plan(7)	\$ 0	\$ 0	\$ 0	\$ 0(8)	\$ 8,155,616(9)	\$ 7,428,828(10)	\$ 3,091,453(11)
Vested Executive Supplemental Benefit Plan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Benefit Continuation(12)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,928	\$ 0	\$ 0
Vacation Entitlement	\$ 62,500	\$ 62,500	\$ 62,500	\$ 0	\$ 62,500	\$ 62,500	\$ 62,500
280G Tax Gross-up	N/A	N/A	N/A	\$ 0	\$ 8,996,268(13)	N/A	N/A
<b>Total</b>	<b>\$ 1,772,767</b>	<b>\$ 939,287</b>	<b>\$ 2,843,897</b>	<b>\$ 2,838,509</b>	<b>\$ 31,110,609</b>	<b>\$ 10,493,380</b>	<b>\$ 6,119,250</b>

- (1) Represents three times the executive's base salary in effect immediately prior to the date of termination and three times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year. Because the 2007 bonus was presumed to be indeterminate as of December 31, 2007, it was not included in this estimate.
- (2) Represents the pro rata portion of the executive's annual bonus (the applicable agreement provides for the payment of the greater of the highest bonus over last four fiscal years or the anticipated bonus for the year of the date of termination).
- (3) Represents the intrinsic value of stock options and RSUs based on the Company's closing stock price on December 31, 2007, of \$34.12.
- (4) The 1996 Stock Option Plan and related agreement provide for acceleration of unvested options in the event of a change-in-control of the Company, death or disability.
- (5) Options granted under the 1996 Stock Option Plan are exercisable within: 5 days of voluntary termination or termination without cause; 90 days of retirement; and one year of death or disability.
- (6) Represents the lump-sum present value equal to one half of accrued benefit, converted to qualified joint and survivor form and payable to female spouse three years younger than participant at the later of participant's current age or age 55.

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- (7) Enhanced Executive Supplemental Benefit Plan refers to any payments which accrue to the participant under the various scenarios for the Executive Supplemental Benefit Plan.

- (8) Upon a change-in-control of the Company the executive becomes 100% vested in the benefit in an amount equal to the amount the executive would have been entitled to receive had he attained his normal retirement date, and a joint and survivor annuity.
- (9) Represents the enhanced present value of benefit calculated using the following assumptions: RP-2000M mortality tables and a discount rate of 6.30%.
- (10) Represents the present value of 10 year certain payments at a 6.30% discount rate, equal to 50% of participant's final average compensation.
- (11) Represents the present value of benefit calculated using the following assumptions: RP-2000M mortality tables, a discount rate of 6.30%, and participant remains disabled until earliest retirement date at age 55.
- (12) Represents cash payment to the executive to cover cost to purchase benefits, including gross-up payment to cover income taxes. Amount assumes the cost of health and welfare benefits of \$1,434.35 per month will increase 10% in 2009.
- (13) Under the applicable agreement, if payments are subject to excise taxes imposed under Internal Revenue Code Section 4999 the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied. The following assumptions were used to calculate payments under Section 280G:
- Equity valued at the Company's closing stock price on December 31, 2007, of \$34.12, less option exercise prices.
  - Parachute payments for time vesting stock options, restricted stock and RSUs were valued using Treasury Regulation Section 1.280G-1 Q&A 24(c).
  - Calculations assume a portion of 2007 bonus is reasonable compensation for services rendered prior to the change-in-control.
- (14) Should the executive voluntarily terminate employment during the window period (the 30 days following the first anniversary of the change-in-control) severance equals two times the executive's base salary in effect immediately prior to the date of termination and two times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year.

If payments are subject to excise taxes imposed under Internal Revenue Code Section 4999, the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied.

## Barry M. Sando

Executive Payments and Benefits upon Termination	Involuntary Termination			Change-in-Control			Death	Disability
	Voluntary Termination	For Cause	Without Cause/ Good Reason	Without Termination(14)	With Termination for Good Reason/ without Cause			
<b>Compensation:</b>								
Severance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,670,000(1)	\$ 0	\$ 0	\$ 0
Bonus	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,365,000(2)	\$ 0	\$ 0	\$ 0
Performance Units	\$ 0	\$ 0	\$ 0	\$ 540,000	\$ 540,000	\$ 0	\$ 0	\$ 0
<b>Long-term Incentives</b>								
- Accelerated Vesting of Stock Options(3)(4)	\$ 0	\$ 0	\$ 0	\$ 183,900	\$ 183,900	\$ 183,900	\$ 183,900	\$ 183,900
- Vested Stock Options(3)(5)	\$ 1,019,480	\$ 0	\$ 1,019,480	\$ 1,019,480	\$ 1,019,480	\$ 1,019,480	\$ 1,019,480	\$ 1,019,480
- Accelerated vesting of RS/RSUs(3)	\$ 0	\$ 0	\$ 526,165(6)	\$ 526,165	\$ 526,165	\$ 526,165	\$ 526,165	\$ 526,165
Deferred Compensation Plan	\$ 440,547	\$ 440,547	\$ 440,547	\$ 0	\$ 440,547	\$ 1,895,547	\$ 440,547	\$ 440,547
<b>Benefits &amp; Perquisites:</b>								
Vested Pension Plan	\$ 63,940	\$ 63,940	\$ 63,940	\$ 0	\$ 63,940	\$ 40,725(6)	\$ 63,940	\$ 63,940
Vested Pension Restoration Plan	\$ 37,629	\$ 37,629	\$ 37,629	\$ 0	\$ 37,629	\$ 23,967(6)	\$ 37,629	\$ 37,629
Enhanced Executive Supplemental Benefit Plan(7)	\$ 0	\$ 0	\$ 0	\$ 0(8)	\$ 6,884,254(9)	\$ 6,216,778(10)	\$ 2,433,745(11)	\$ 2,433,745(11)
Vested Executive Supplemental Benefit Plan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Benefit Continuation(12)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 79,712	\$ 0	\$ 0	\$ 0
Vacation Entitlement	\$ 56,538	\$ 56,538	\$ 56,538	\$ 0	\$ 56,538	\$ 56,538	\$ 56,538	\$ 56,538
280G Tax Gross-up	N/A	N/A	N/A	\$ 0	\$ 5,713,659(13)	N/A	N/A	N/A
<b>Total</b>	<b>\$ 1,618,135</b>	<b>\$ 598,655</b>	<b>\$ 2,144,300</b>	<b>\$ 2,269,545</b>	<b>\$ 22,580,825</b>	<b>\$ 9,963,101</b>	<b>\$ 4,761,945</b>	<b>\$ 4,761,945</b>

- (1) Represents three times the executive's base salary in effect immediately prior to the date of termination and three times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year. Because the 2007 bonus was presumed to be indeterminate as of December 31, 2007, it was not included in this estimate.
- (2) Represents the pro rata portion of the executive's annual bonus (the applicable agreement provides for the payment of the greater of the highest bonus over last four fiscal years or the anticipated bonus for the year of the date of termination).
- (3) Represents the intrinsic value of stock options and RSUs based on the Company's closing stock price on December 31, 2007, of \$34.12.
- (4) The 1996 Stock Option Plan and related agreement provide for acceleration of unvested options in the event of a change-in-control of the Company, death or disability.
- (5) Options granted under the 1996 Stock Option Plan are exercisable within: 5 days of voluntary termination or termination without cause; 90 days of retirement; and one year of death or disability.
- (6) Represents the lump-sum present value equal to one half of accrued benefit, converted to qualified joint and survivor form and payable to female spouse three years younger than participant at the later of participant's current age or age 55.

- (7) Enhanced Executive Supplemental Benefit Plan refers to any payments which accrue to the participant under the various scenarios for the Executive Supplemental Benefit Plan.



- (8) Upon a change-in-control of the Company the executive becomes 100% vested in the benefit in an amount equal to the amount the executive would have been entitled to receive had he attained his normal retirement date, and a joint and survivor annuity.
- (9) Represents the enhanced present value of benefit calculated using the following assumptions: RP-2000M mortality tables and a discount rate of 6.30%.
- (10) Represents the present value of 10 year certain payments at a 6.30% discount rate, equal to 50% of participant's final average compensation.
- (11) Represents the present value of benefit calculated using the following assumptions: RP-2000M mortality tables, a discount rate of 6.30%, and participant remains disabled until earliest retirement date at age 55.
- (12) Represents cash payment to the executive to cover cost to purchase benefits, including gross-up payment to cover income taxes. Amount assumes the cost of health and welfare benefits of \$1,434.35 per month will increase 10% in 2009.
- (13) Under the applicable agreement, if payments are subject to excise taxes imposed under Internal Revenue Code Section 4999 the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied. The following assumptions were used to calculate payments under Section 280G:
- Equity valued at the Company's closing stock price on December 31, 2007, of \$34.12, less option exercise prices.
  - Parachute payments for time vesting stock options, restricted stock and RSUs were valued using Treasury Regulation Section 1.280G-1 Q&A 24(c).
  - Calculations assume a portion of 2007 bonus is reasonable compensation for services rendered prior to the change-in-control.
- (14) Should the executive voluntarily terminate employment during the window period (the 30 days following the first anniversary of the change-in-control) severance equals two times the executive's base salary in effect immediately prior to the date of termination and two times the greater of the executive's highest annual incentive bonus during the preceding four fiscal years, or the executive's anticipated bonus for the remainder of the year.

If payments are subject to excise taxes imposed under Internal Revenue Code Section 4999, the Company will pay to the executive an additional gross-up amount so that his after-tax benefits are the same as though no excise tax had applied.

Curt G. Johnson

Executive Payments and Benefits upon Termination	Voluntary Termination	Involuntary Termination	Change-in-Control
		For Cause	Without Cause/ Good Reason Termination(14)