

FIRST AMERICAN CORP
Form DEF 14A
April 06, 2004

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 (as Permitted
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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or 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

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- (1) Amount previously paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

March 31, 2004

Dear Fellow Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders at 2:00 p.m., Pacific Time, on Thursday, May 13, 2004, at the executive offices of The First American Corporation, located at 1 First American Way, Santa Ana, California. We have included a map and directions to our executive offices on the inside back cover of the proxy statement.

With this letter, we are including the notice for the Annual Meeting, the proxy statement, the proxy card and our 2003 annual report. We have written our proxy statement in jargon-free plain English. We hope you find its simplified format helpful and we welcome your comments.

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 May 13, 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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held on May 13, 2004

The Annual Meeting of Shareholders of The First American Corporation, a California corporation, will be held at 2:00 p.m., Pacific Time, on Thursday, May 13, 2004, at the executive offices of The First American Corporation, located at 1 First American Way, Santa Ana, California, for the following purposes:

1. To elect 13 persons to serve on our board of directors for the next year.
2. 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 March 24, 2004, are entitled to notice of the meeting and an opportunity to vote.

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.

Mark R Arnesen

Secretary

Santa Ana, California

March 31, 2004

PROXY STATEMENT

Solicitation of Proxies by the Board of Directors

Our board of directors is soliciting proxies from holders of our common shares for use at the annual meeting of our shareholders to be held on May 13, 2004, at 2:00 p.m., Pacific Time. The meeting will be held at the executive offices of The First American Corporation, located at 1 First American Way, Santa Ana, California. 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 2003 annual report will be first mailed to our shareholders is April 7, 2004.

The Securities and Exchange Commission requires portions of certain documents to be written in plain English. The plain English rules set forth guidelines for preparing written documents without using confusing legal and technical language. Although the SEC rules do not require proxy statements to be written in plain English, we have decided to write parts of our proxy statement that way. We want you to have access to information about us in a direct and understandable way. We feel there is no need to sort through complex legal language that adds little to an understanding of who we are and where we are headed.

In furtherance of this goal, 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 of directors has sent you this proxy statement and the accompanying proxy card to ask for your vote, as a shareholder of First American, on certain matters that will be voted on at the annual meeting.

What matters will be voted on at the meeting?

- the election of 13 individuals to serve as directors of our company for the next year; and
- any other business properly raised at the meeting.

At the time this proxy statement was printed, our board of directors did not know 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 March 24, 2004, 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.

Who is a shareholder of record?

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?

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As of the record date 79,275,249 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. However, if cumulative voting applies for the election of directors, you will be entitled to cast more than one vote for each nominee.

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 13 (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. 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 board nominees?

The 13 nominees are:

Gary J. Beban
J. David Chatham
Hon. William G. Davis
James L. Doti

Lewis W. Douglas, Jr.
Paul B. Fay, Jr.
D. P. Kennedy
Parker S. Kennedy

Frank E. O Bryan
Roslyn B. Payne
D. Van Skilling
Herbert B. Tasker

Virginia M. Ueberroth

All of the nominees are currently board members. See pages 7 through 9 for biographical information regarding the nominees.

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.

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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?

D. P. Kennedy, Parker S. Kennedy or Kenneth D. DeGiorgio, our chairman emeritus, chairman of the board 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 secretary 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 First American 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. Abstentions and broker nonvotes will be

counted for the purpose of determining the presence or absence of a quorum for the transaction of business, but will not otherwise affect proposals voted upon. 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.

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 for purposes of establishing the presence or absence of a quorum, but will not otherwise affect the outcome of the votes on proposals acted upon at the meeting.

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

Together, they owned approximately 6.1% of our common shares as of the record date. See pages 10 through 12 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 2005 if they are received no later than December 8, 2004. See page 30 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?

First American. 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 employees may solicit proxies. None of them will receive any additional compensation for such solicitation. Morrow & Company, Inc., 445 Park Avenue, New York, New York 10022, has been engaged by the company to solicit proxies at an estimated cost of \$6,000 plus reimbursement of reasonable expenses.

How will solicitors contact me?

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

Does the board of directors have any recommendations with respect to the listed proposals?

The board of directors recommends that you vote **FOR** the slate of director candidates proposed in this proxy statement.

Who are the largest principal shareholders outside of management?

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 SEC and/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 10 through 12 for that information.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Fidelity Management Trust Company	9,690,778(1)	12.2%

- (1) The shares set forth in the table are held by Fidelity Management Trust Company as trustee pursuant to The First American Corporation 401(k) Savings Plan. The governing documents require the trustee to vote the shares as directed by the employees for whose benefit the shares are held. Shares for which no direction is received by the trustee from the employees are voted in the same proportions as are the shares for which directions are received. The investment options available to participants in the plan include a Company Stock Fund, which invests in our Common shares. In addition, effective December 1, 2001, our Employee Profit Sharing and Stock Ownership Plan, which included individual accounts to which shares of our company acquired by the former trustees of that plan had been allocated (the ESOP), was merged into our 401(k) Savings Plan and the shares of our company held in the former plan became held by Fidelity as trustee of the merged plans. Thus, the 401(k) Savings Plan now includes ESOP accounts as well as accounts in the above-mentioned Company Stock Fund. The combined shareholdings in these two funds is what is shown in the table. The employees have the power to direct the trustee to dispose of the shares held for their benefit in the Company Stock Fund. However, the employees do not currently have the power to direct the trustee to dispose of shares held for their benefit in the ESOP accounts. The trustee's address is 82 Devonshire Street, Boston, Massachusetts 02109.

II. PROPOSAL

Election Of Directors

Our bylaws require that directors be elected annually and that the number of directors be not less than 9 nor more than 17. By resolution, the board has fixed the number of directors at 13. The 13 persons named below are nominated for election as directors 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 the board. The 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 the current board. See the section entitled "Security Ownership of Management," which begins on page 10, for information pertaining to stock ownership of the nominees. Except for D. P. Kennedy, who is Parker S. Kennedy's father, there are no family relationships among any of the nominees for director or any of the executive officers of the company. Pursuant to a contract, our company is required to recommend one nominee of Experian Information Solutions, Inc., to our nominating committee as a candidate for election to our board, as long as Experian owns at least 10% of the membership interests in our second tier subsidiary, First American Real Estate Solutions LLC, which owns our information technology businesses. Currently, our company owns 80% of the membership interests in this subsidiary and Experian owns the remaining 20%. Director D. Van Skilling, information about whom is presented in the following table, has been serving as Experian's nominee. There are no other arrangements or understandings between any nominee and any other person pursuant to which any nominee was or is to be selected as a director. All of the nominees currently are directors of the company.

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

Name	Age	Principal Occupation(s) Since 1999 (arranged by title, company & industry)	Director Since	Directorships Held in Other Public Companies(1)
Gary J. Beban	57	Senior Executive Managing Director CB Richard Ellis, Inc. commercial real estate services	1996	None
J. David Chatham	53	President and Chief Executive Officer Chatham Holdings Corporation real estate development and associated industries	1989	First Advantage Corporation
Hon. William G. Davis(2)	74	Counsel Torys LLP legal services	1992	Magna Entertainment Corp.

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Name	Age	Principal Occupation(s) Since 1999 (arranged by title, company & industry)	Director Since	Directorships Held in Other Public Companies(1)
James L. Doti	57	President and Donald Bren Distinguished Chair of Business and Economics Chapman University education	1993	Fleetwood Enterprises, Inc., Remedy Temp, Inc., and Standard Pacific Corp.
Lewis W. Douglas, Jr.	79	Chairman Stanley Energy, Inc. oil exploration	1971(3)	None
Paul B. Fay, Jr.	85	President The Fay Improvement Company financial consulting and business ventures	1967	Vestaur Securities Inc.
D. P. Kennedy	85	Chairman Emeritus Chairman of the Board (1993-2003) The First American Corporation business information and related products and services	1956	None
Parker S. Kennedy	56	Chairman of the Board and Chief Executive Officer (2003 to present) President (1993 to present) The First American Corporation business information and related products and services	1987	First Advantage Corporation
		Chairman of the Board (1999 to present) President (1989 1999) First American Title Insurance Company, a subsidiary of our company title insurance and services		
Frank E. O Bryan	70	Director Chairman of the Board (1997-2003) WMC Mortgage Corporation mortgage lending	1994	Standard Pacific Corp.
Roslyn B. Payne	57	President Jackson Street Partners, Ltd. real estate venture capital and investments	1988	None
D. Van Skilling	70	Private Investor (1999 to present) Chairman and Chief Executive Officer (1996 1999) Experian Information Solutions, Inc. information services and solutions for direct marketing and credit industries	1998	Lamson & Sessions Co. and McData Corporation

Name	Age	Principal Occupation(s) Since 1999 (arranged by title, company & industry)	Director	Directorships Held in
			Since	Other Public Companies(1)
Herbert B. Tasker	67	Vice Chairman and Managing Director (1999 to present) Centre Capital Group, Inc. mortgage conduit	2002	None
		Executive Vice President (1995 - 1999) Irwin Mortgage Corporation mortgage banker		
Virginia M. Ueberroth	64	Chairman Ueberroth Family Foundation philanthropy	1988	None

- (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. Davis was the Premier of the Province of Ontario (Canada) from 1971 to 1985.
- (3) Mr. Douglas also was a director of the company from 1961 to 1967.

III. REQUIRED INFORMATION

Security Ownership of Management

The following table sets forth as of the record date the total number of our common shares beneficially owned and the percentage of the outstanding shares so owned 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 by a person or entity.

<u>Shareholders(1)</u>	<u>Number of Common shares</u>	<u>Percent if greater than 1%</u>
<i>Directors</i>		
Gary J. Beban	13,972	
J. David Chatham	31,366	
Hon. William G. Davis	20,700	
James L. Doti	28,859	
Lewis W. Douglas, Jr.	38,020	
Paul B. Fay, Jr.	96,522	
D. P. Kennedy(2)(3)	53,264	
Parker S. Kennedy(2)(3)	3,502,081	4.4%
Frank E. O Bryan	34,064	
Roslyn B. Payne(4)	81,630	
D. Van Skilling(5)	23,079	
Herbert B. Tasker	13,805	
Virginia M. Ueberroth(6)	95,272	
<i>Named executive officers who are not directors</i>		
Thomas A. Klemens(3)	231,195	
Craig I. DeRoy	79,880	
Gary L. Kermott	147,741	
Barry M. Sando	81,496	
<i>All directors, all named executive officers and other executive officers as a group (22 persons)</i>	4,815,905	6.1%

- (1) Of the shares set forth in the table, the following shares are allocated to the individual employee stock ownership sub-accounts of the following individuals under the ESOP portion of our company's 401(k) Savings Plan:

<u>Individual</u>	<u>Shares</u>
D. P. Kennedy	-0-
Parker S. Kennedy	8,669
Thomas A. Klemens	2,618
Craig I. DeRoy	140
Gary L. Kermott	3,643
Barry M. Sando	600

These individuals can direct the ESOP trustee to vote their ESOP shares. However, these individuals do not currently have dispositive power over their ESOP shares. The ESOP shares are held by Fidelity Management Trust Company as trustee of our 401(k) Savings Plan.

The shares set forth in the table include those that the following individuals have the right to acquire within 60 days of March 24, 2004, the record date for this meeting:

<u>Individual</u>	<u>Shares</u>
Gary J. Beban	12,971
J. David Chatham	13,500
Hon. William G. Davis	20,250
James L. Doti	13,500
Lewis W. Douglas, Jr.	20,250
Paul B. Fay, Jr.	6,750
D. P. Kennedy	50,205
Parker S. Kennedy	118,000
Frank E. O Bryan	20,250
Roslyn B. Payne	20,250
D. Van Skilling	13,500
Herbert B. Tasker	6,750
Virginia M. Ueberroth	20,250
Thomas A. Klemens	101,000
Craig I. DeRoy	73,500
Gary L. Kermott	100,500
Barry M. Sando	71,000

- (2) Of the shares credited to Parker S. Kennedy, chairman of the board, president and chief executive officer of First American, 10,000 shares are owned directly and 3,364,510 shares are held by Kennedy Enterprises, L.P., a California limited partnership of which Parker S. Kennedy is the sole general partner and D. P. Kennedy, Parker S. Kennedy's father, is one of the limited partners. 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, provided that the general partner is not permitted to cause the partnership to sell, exchange or hypothecate any of its shares of stock of First American without the prior written consent of all of the limited partners. Of the shares held by the partnership, 460,591 are allocated to the capital accounts of Parker S. Kennedy and 2,048,283 are allocated to the capital account of D. P. Kennedy. The balance of the shares held by the partnership is allocated to the capital accounts of the other limited partners, who are family members of the Kennedys. Except to the

extent of his voting power over the shares allocated to the capital accounts of the limited partners, Parker S. Kennedy disclaims beneficial ownership of all shares held by the partnership other than those allocated to his own capital accounts.

- (3) In addition to the shares set forth in the table, 406,215 are held in trust under our pension plan as part of the diversified investment of the trust's assets. Parker S. Kennedy, Thomas A. Klemens and Mark R Arnesen, executive officers of the company, and D. P. Kennedy serve on a committee of four persons, the majority of which may, under the terms of the trust agreement governing the trust, and subject to applicable law, direct the disposition of the securities held as trust assets. In accordance with California law, those shares are not voted.
- (4) Includes 7,500 shares held by a nonprofit corporation for which Mrs. Payne and her spouse serve as officers and directors. In her capacity as an officer of that corporation, Mrs. Payne has the power, as do certain other officers, to direct the voting and disposition of the shares.
- (5) Includes 1,100 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.
- (6) The shares set forth in the table include 5,000 shares held by a nonprofit corporation whose six-member board of directors is composed of Mrs. Ueberroth and her husband and children. In her capacity as an officer of that corporation, Mrs. Ueberroth has the power, as do certain other officers, to direct the voting and disposition of the shares.

Board and Committee Meetings

Our board of directors held nine meetings during 2003. Each director attended 75% or more of the meetings of the board and the board committees on which the director served, if any. From time to time, our board may act by unanimous written consent as permitted by the laws of the State of California.

Our board of directors has an audit committee. The members of the audit committee are Messrs. Chatham (chairman), Doti, Fay, O Bryan, Skilling and Tasker. The functions performed by this committee include selecting our independent auditor, directing and supervising investigations into matters within the scope of its duties, reviewing with the independent auditor the plan and results of its audit, reviewing internal auditing procedures and results, and determining the nature of other services to be performed by, and fees to be paid to, the independent auditor. During 2003, our audit committee met 12 times. This committee's charter is attached to this proxy statement as Appendix A and also is posted in the corporate governance section of our Web site at www.firstam.com/investor.

Our board of directors has a compensation committee. The members of the compensation committee are Messrs. Beban, Chatham, Davis, Doti, Douglas (chairman) and Fay. This committee establishes compensation rates and procedures with respect to our senior management and the senior management of our subsidiaries, including bonus awards. During 2003, our compensation committee met five times. This committee's charter is posted in the corporate governance section of our Web site at www.firstam.com/investor.

Our board of directors also has a nomination and corporate governance committee. The members of this committee are Messrs. Chatham, Davis (chairman), Douglas and Fay, and Mrs. 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 was established by our board on December 12, 2002, and held three meetings during 2003. This committee's charter is posted in the corporate governance section of our Web site at www.firstam.com/investor. The committee is confident 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. Indeed, this is among the primary purposes for which this committee was formed. Accordingly, the committee will not consider nominees recommended by security holders unless our company is legally required to do so, such as by contract with such security holders.

Independence of Directors

Our board has affirmatively determined that each member of the three committees described above is independent as that term is defined in the corporate governance rules of the New York Stock Exchange for listed companies and has no relationship with our company falling outside of the independence standards established by our board, which are stated in the excerpt from our corporate governance guidelines attached to this proxy statement as Appendix B. Each member of our board, except D. P. Kennedy and Parker S. Kennedy (who are not independent), meets the independence standards set forth in that appendix.

Lead Director

Our board has elected William G. Davis as its lead nonmanagement director. As the lead director, Mr. Davis is responsible for chairing the executive sessions of the nonmanagement 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. Twelve of our thirteen directors attended last year's annual meeting.

Shareholder Communications with Directors

Shareholders and other interested parties may communicate directly with any or all of the nonmanagement 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/investor. Directors receiving such communications will respond as such directors deem appropriate in their business judgment, 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 of our board of directors has established procedures to receive, retain and treat 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. Employees wishing to remain anonymous or to otherwise express their concerns or complaints confidentially are permitted to do so.

Executive Officers

The following provides information regarding our executive officers.

<u>Name</u>	<u>Position(s) Held</u>	<u>Age</u>
D. P. Kennedy	Chairman Emeritus	85
Parker S. Kennedy	Chairman of the Board, President and Chief Executive Officer	56
Thomas A. Klemens	Senior Executive Vice President, Chief Financial Officer	53
Craig I. DeRoy	Senior Executive Vice President	