

FIRST AMERICAN CORP
Form SC 13D/A
April 14, 2008

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D/A

(Rule 13d-102)

INFORMATION INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a)

AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. 1)*

THE FIRST AMERICAN CORPORATION

(Name of Issuer)

COMMON STOCK, \$1.00 PAR VALUE

(Title and Class of Securities)

318522307

(CUSIP number)

Highfields Capital Management LP

Attention: Joseph F. Mazzella

John Hancock Tower

200 Clarendon Street, 59th Floor

Boston, MA 02116

(617) 850-7500

Edgar Filing: FIRST AMERICAN CORP - Form SC 13D/A

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

April 10, 2008

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box x.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* §240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Highfields Capital Management LP

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

X

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

NUMBER OF

8,787,879

8. Shared Voting Power

SHARES

BENEFICIALLY

OWNED BY

-0-

9. Sole Dispositive Power

EACH

REPORTING

8,787,879

10. Shared Dispositive Power

PERSON

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

8,787,879

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

9.6%

14. Type of Reporting Person (See Instructions)

PN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Highfields GP LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

NUMBER OF

8,787,879

SHARES

8. Shared Voting Power

BENEFICIALLY

OWNED BY

-0-

EACH

9. Sole Dispositive Power

REPORTING

PERSON

8,787,879

10. Shared Dispositive Power

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

8,787,879

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

9.6%

14. Type of Reporting Person (See Instructions)

OO

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Highfields Associates LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

NUMBER OF

8,787,879

SHARES

8. Shared Voting Power

BENEFICIALLY

OWNED BY

-0-

EACH

9. Sole Dispositive Power

REPORTING

PERSON

8,787,879

10. Shared Dispositive Power

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

8,787,879

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

9.6%

14. Type of Reporting Person (See Instructions)

OO

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Jonathon S. Jacobson

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

United States

7. Sole Voting Power

NUMBER OF

8,787,879

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY

-0-

EACH 9. Sole Dispositive Power

REPORTING

8,787,879

PERSON 10. Shared Dispositive Power

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

8,787,879

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

9.6%

14. Type of Reporting Person (See Instructions)

IN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Richard L. Grubman

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

United States

7. Sole Voting Power

NUMBER OF

8,787,879

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY

-0-

EACH 9. Sole Dispositive Power

REPORTING

8,787,879

PERSON 10. Shared Dispositive Power

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

8,787,879

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

9.6%

14. Type of Reporting Person (See Instructions)

IN

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Highfields Capital III L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds (See Instructions)

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

Cayman Islands, B.W.I.

7. Sole Voting Power

NUMBER OF

SHARES 6,056,042
8. Shared Voting Power

BENEFICIALLY

OWNED BY EACH
-0-
9. Sole Dispositive Power

REPORTING

PERSON 6,056,042
10. Shared Dispositive Power

WITH

-0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person

6,056,042

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

..

13. Percent of Class Represented by Amount in Row (11)

6.6%

14. Type of Reporting Person (See Instructions)

PN

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This Amendment No. 1 amends and supplements or amends and restates, as indicated, the Schedule 13D as filed on January 17, 2008 by the Reporting Persons (the "Schedule 13D") with respect to the shares of common stock, par value \$1.00 per share (the "Shares"), of The First American Corporation, a California corporation (the "Issuer"). Capitalized terms used herein but not defined shall have the meanings ascribed thereto in the Schedule 13D. This Amendment No. 1 is being filed to amend and supplement Items 4, 5 and 7 of the Schedule 13D. Except as herein amended or supplemented, all other information in the Schedule 13D is as set forth therein.

Item 4. Purpose of Transaction.

The information set forth in Item 4 of the Schedule 13D is hereby amended and supplemented by adding the following:

On April 10, 2008, Highfields Capital Management, Highfields GP, Highfields Associates and the Funds (collectively, the "Highfields Support Agreement Parties") and the Issuer entered into a Support Agreement (the "Agreement"), pursuant to which, among other things, the Issuer agreed to (i) expand its board of directors from 14 to 17 members, (ii) accept the voluntary resignation from its board of directors of two of its current members, (iii) appoint Bruce Bennett, Glenn C. Christenson, Christopher Greetham, Thomas C. O'Brien and Patrick F. Stone (collectively, the "New Directors") to its board of directors, effective immediately, (iv) appoint Messrs. Christenson and Stone to the Ad Hoc Committee of the board of directors, with Mr. Stone serving as Vice Chairman of such committee, (v) appoint Mr. Christenson to the Audit Committee of the board of directors, and (vi) appoint two of the New Directors to the Executive Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Issuer also agreed to nominate the New Directors at any meeting of shareholders where directors are to be elected held during the period beginning on April 10, 2008 and ending on the earliest to occur of (a) December 31, 2009 or (b) any date within the four months preceding any annual meeting of the Issuer's shareholders on which the Highfields Support Agreement Parties shall fail to collectively own at least 5 percent of the Issuer's outstanding shares of common stock (the "Issuer Nomination Period"), and to use its reasonable best efforts to cause the election of the New Directors at any such meeting. The Issuer also agreed that, at all times during the Issuer Nomination Period, a number of New Directors equal to 30 percent of the total number of members of the Issuer's board of directors (rounded to the nearest whole number of New Directors, but, in any event, not fewer than three) shall serve on the Issuer's board of directors.

In addition, if the Issuer effects the planned spin-off (the "Planned Transaction") of certain of its assets into a separate public company ("SpinCo") prior to December 31, 2009, the Issuer has agreed to appoint directors nominated by the Highfields Support Agreement Parties (the "SpinCo Directors") to the board of directors of SpinCo representing 30 percent of the total members of such board of directors, but, in any event, not fewer than three directors. The Issuer has also agreed that SpinCo shall nominate the SpinCo Directors at any meeting of shareholders where directors are to be elected held during the period beginning on April 10, 2008 and ending on the earliest to occur of (a) December 31, 2009 or (b) any date within the four months preceding any annual meeting of SpinCo's shareholders on which the Highfields Support Agreement Parties shall fail to collectively own at least 5 percent of SpinCo's outstanding shares of common stock (the "SpinCo Nomination Period"), and that SpinCo will use its reasonable best efforts to cause the election of the SpinCo Directors at any such meeting. The Issuer also agreed that, at all times during the SpinCo Nomination Period, a number of SpinCo Directors equal to 30 percent of the total number of members of SpinCo's board of directors (rounded to the nearest whole number of SpinCo Directors, but, in any event, not fewer than three) shall serve on SpinCo's board of directors. As part of the Planned Transaction, the Issuer agreed that SpinCo will become a party to the Agreement.

Pursuant to the Agreement, until December 31, 2009, the Highfields Support Agreement Parties agreed, among other things, to (i) not acquire, seek to acquire or otherwise beneficially own more than 10% of the outstanding common stock of the Issuer, SpinCo or any subsidiary of either (any such person,

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a Covered Company), (ii) be bound by certain standstill provisions with respect to mergers, reorganizations, recapitalizations, extraordinary dividends, liquidations, consolidations, asset acquisitions, tenders or exchange offers or other extraordinary transactions with respect to a Covered Company, and (iii) not vote any securities of any Covered Company owned by it (x) in favor of the election of any nominee that is not recommended by the board of directors of such Covered Company or (y) for any other shareholder proposal that is not recommended by the board of directors of the such Covered Company. In addition, the Issuer and the Highfields Support Agreement Parties generally agreed not to make or issue any disclosure, announcement or statement that disparages or in any other way adversely reflects upon the other party.

The foregoing description of the Agreement is qualified in its entirety by reference to the full text of the Agreement which is attached as Exhibit B hereto and incorporated by reference herein.

Item 5. Interest in Securities of the Issuer.

The information set forth in Item 5 of the Schedule 13D is hereby amended and restated in its entirety as follows:

(a) and (b) As of April 14, 2008, Highfields I, Highfields II and Highfields III owned beneficially 800,963, 1,930,874, and 6,056,042 Shares, respectively, representing approximately 0.9%, 2.1% and 6.6%, respectively, of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

As of April 14, 2008, Highfields Capital Management, in its capacity as investment manager of the Funds, had sole voting and dispositive power with respect to all 8,787,879 Shares owned beneficially by the Funds, representing approximately 9.6% of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

As of April 14, 2008, Highfields GP, through its control of Highfields Capital Management, had sole voting and dispositive power with respect to all 8,787,879 Shares owned beneficially by Highfields Capital Management, representing approximately 9.6% of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

As of April 14, 2008, Highfields Associates, through its control of the Funds, had sole voting and dispositive power with respect to all 8,787,879 Shares owned beneficially by the Funds, representing approximately 9.6% of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

As of April 14, 2008, Mr. Jacobson, in his capacity as a Managing Member of Highfields GP, a Senior Managing Member of Highfields Associates and Managing Director of Highfields Capital Management, had sole voting and dispositive power with respect to all 8,787,879 Shares, representing approximately 9.6% of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

As of April 14, 2008, Mr. Grubman, in his capacity as a Managing Member of Highfields GP, a Senior Managing Member of Highfields Associates and Managing Director of Highfields Capital Management, had sole voting and dispositive power with respect to all 8,787,879 Shares, representing approximately 9.6% of the 92,004,175 Shares of the Issuer's common stock outstanding as of February 22, 2008 as reported in publicly available information.

(c) In order to facilitate the ownership of Issuer Shares by the New Directors, and in connection with their appointment as directors pursuant to the Agreement, the Reporting Persons sold an aggregate of 78,600 Shares to the New Directors, for cash, at the closing market price of \$35.75 per Share. Such

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Shares were sold in a private transaction on April 9, 2008, in the following aggregate amounts per fund: Highfields I (38,123 Shares), Highfields II (31,774 Shares) and Highfields III (8,703 Shares).

There are no other agreements, understandings or arrangements between such New Directors and the Reporting Persons with respect to such Shares.

(d) Not applicable.

(e) Not applicable.

Item 7. Material to be Filed as Exhibits.

The information set forth in Item 7 of the Schedule 13D is hereby amended and supplemented as follows:

Exhibit B Support Agreement, dated April 10, 2008, by and among The First American Corporation, Highfields Capital Management LP, Highfields GP LLC, Highfields Associates LLC, Highfields Capital I LP, Highfields Capital II LP and Highfields Capital III L.P.

After reasonable inquiry and to the best of his, her or its knowledge and belief, each of the persons signing below certifies that the information set forth in this statement is true, complete and correct.

April 14, 2008
Date

HIGHFIELDS CAPITAL MANAGEMENT LP

By: Highfields GP LLC, its General Partner

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

HIGHFIELDS GP LLC

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

HIGHFIELDS ASSOCIATES LLC

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

JONATHON S. JACOBSON

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

RICHARD L. GRUBMAN

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

HIGHFIELDS CAPITAL III L.P.

By: Highfields Associates, LLC, its General Partner

/s/ Joseph F. Mazzella
Signature

Joseph F. Mazzella, Authorized Signatory
Name/Title

SUPPORT AGREEMENT

This SUPPORT AGREEMENT (this Agreement) is made and entered into as of April 10, 2008, by and among Highfields Capital Management LP, a Delaware limited partnership (HCM), Highfields GP LLC, a Delaware limited liability company (HGP), Highfields Associates LLC, a Delaware limited liability company (HA), Highfields Capital I LP, a Delaware limited partnership (HCI), Highfields Capital II LP, a Delaware limited partnership (HCII) and Highfields Capital III L.P., an exempted limited partnership organized under the laws of the Cayman Islands, B.W.I. (HCIII, and, together with HCM, HGP, HA, HCI, HCII and HCIII, each a Shareholder and, collectively, the Shareholders), and The First American Corporation, a California corporation (including its successors, First American).

WHEREAS, it is anticipated that the Board of Directors (the Board) of First American will declare a dividend to effect the spin-off to First American's shareholders of the stock of a separate public company (SpinCo), which will own certain of First American's current operations, so that First American's Financial Services businesses will be separated from its Information Solutions businesses (any such transaction, the Planned Transaction);

WHEREAS, the Shareholders, who together beneficially own a total of approximately 8,866,479 shares (the Shares) of common stock, par value \$1.00 per share, of First American (the Common Stock), desire to support the Planned Transaction; and

WHEREAS, First American desires, among other matters, to enlarge the size of the Board from 14 to 17 members and to elect to, and nominate for election to, the Board certain individuals designated by the Shareholders, which individuals have previously been recommended for election to the Board by the Nominating and Corporate Governance Committee of the Board.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

AGREEMENTS

Section 1.1. Board Composition Matters; Nominations.

(a) Election of FAF Nominees. Effective on the date hereof, First American shall accept the resignations from the Board of two current members thereof, thereby creating two vacancies, and shall convene a special meeting of the Board to (i) amend the Bylaws of First American to effect an expansion of the Board from 14 to 17 members, thereby creating three additional vacancies on the Board and (ii) appoint Bruce Bennett, Glenn C. Christenson, Christopher Greetham, Thomas C. O'Brien and Patrick F. Stone (collectively, together with any successor nominees appointed by the Shareholders pursuant to this Agreement, the FAF Nominees) to fill the Board's five vacancies.

(b) Continued Nomination of FAF Nominees. From the date hereof until the FAF Termination Date (as defined below), First American shall include on the Board's proposed slate of nominees at any election of directors held during such period, a number of FAF Nominees equal to 30% of the total number of members of the Board, rounded to the nearest whole number of FAF Nominees, but, in any event, not fewer than three. The Board shall recommend that the shareholders of First American vote to elect the FAF Nominees as directors of First American and First American shall use its reasonable best efforts to cause the election of the FAF Nominees at any meeting of shareholders, held between the date hereof and the FAF Termination Date, at which directors of First American are to be elected. Upon the FAF Termination Date, First American's obligations under this Agreement to include the FAF Nominees on the Board, recommend and nominate such individuals for election, and use reasonable best efforts to cause their election, shall forever terminate. For purposes of this Agreement, FAF Termination Date means the earliest to occur of (i) December 31, 2009 and (ii) any date within the four months preceding any annual meeting of First American's shareholders on which the Shareholders shall fail to collectively beneficially own at least 5% of First American's outstanding shares of Common Stock. The Shareholders agree that, in connection with the completion of the Planned Transaction, First American may determine to reduce the size of the Board to less than 17 members (a Board Reduction) and, if a Board Reduction shall occur, then First American shall, upon completion of the Planned Transaction, only be required to retain on the Board and nominate for election to the Board a number of FAF Nominees equal to 30% of the total number of members of the Board, rounded to the nearest whole number of directors, but, in any event, not fewer than three.

(c) SpinCo Nominees. In the event that the Planned Transaction is consummated prior to the FAF Termination Date, First American agrees, effective upon the consummation of the Planned Transaction, to elect to the Board of Directors of SpinCo (the SpinCo Board) individuals designated by the Shareholders, with the consent (which consent shall not be unreasonably withheld or delayed) of the Nominating and Corporate Governance Committee (or equivalent) of First American or SpinCo, as the case may be (the Designated SpinCo Nominees), the number of which is 30% of the total number of members of the SpinCo Board, rounded to the nearest whole number of directors, but, in any event, not fewer than three (the Minimum Representation Requirement); provided that any FAF Nominee who joins the SpinCo Board shall be deemed a Designated SpinCo Nominee and shall be taken into account in determining whether the Minimum Representation Requirement has been satisfied. The Designated SpinCo Nominees who are elected to be members of the SpinCo Board upon consummation of the Planned Transaction, together with any successor nominees appointed by the Shareholders pursuant to this Agreement, are referred to as the SpinCo Nominees, and the FAF Nominees and SpinCo Nominees are collectively referred to as the Nominees. The SpinCo Board shall recommend that the shareholders of SpinCo vote to elect the SpinCo Nominees as directors of SpinCo and SpinCo shall use its reasonable best efforts to cause the election of the SpinCo Nominees at any meeting of shareholders, held between the date hereof and the SpinCo Termination Date (as defined below), at which directors of SpinCo are to be elected. From the date of consummation of the Planned Transaction until the SpinCo Termination Date, SpinCo shall include on the SpinCo Board's proposed slate of nominees at any election of directors held during such period, a number of SpinCo Nominees equal to 30% of the total number of members of the SpinCo Board, rounded to the nearest whole number of SpinCo Nominees, but, in any event, not fewer than three. Upon the SpinCo Termination Date, First American's and SpinCo's obligations under this Agreement to include such SpinCo Nominees on the SpinCo Board, recommend and nominate such individuals for election, and use

reasonable best efforts to cause their election, shall forever terminate. For purposes of this Agreement, SpinCo Termination Date means the earliest to occur of (i) December 31, 2009 and (ii) any date within the four months preceding any annual meeting of SpinCo's shareholders on which the Shareholders shall fail to collectively beneficially own at least 5% of SpinCo's outstanding shares of common stock.

(d) Increases in Board and SpinCo Board Size. If at any time from the date hereof and until the FAF Termination Date or SpinCo Termination Date, as applicable, the size of the Board or the SpinCo Board, as applicable, is increased, then First American or SpinCo, as applicable, shall nominate individual(s) designated by the Shareholders, with the consent (which consent shall not be unreasonably withheld or delayed) of the Nominating and Corporate Governance Committee (or equivalent thereof) of First American or SpinCo, as applicable, such that the Minimum Representation Requirement is satisfied for both First American and SpinCo, as applicable.

(e) Replacement Nominees. Should any Nominee resign from the Board or the SpinCo Board or decide not to seek appointment or election to the Board or the SpinCo Board, or be removed by a vote of the Board or the SpinCo Board, as applicable, other than for cause, in any case prior to the FAF Termination Date or the SpinCo Termination Date, as applicable, then the Shareholders shall, with the consent (which consent shall not be unreasonably withheld or delayed) of the Nominating and Corporate Governance Committee (or equivalent thereof) of First American or SpinCo, as the case may be, be entitled to designate a replacement for such Nominee, and First American or SpinCo, as applicable, shall promptly elect such individual to the Board or the SpinCo Board, as applicable, and any committees thereof on which his or her predecessor served, and any such designated replacement shall be deemed to be a FAF Nominee or SpinCo Nominee, as applicable, for all purposes under this Agreement.

(f) Board and SpinCo Board Committees. At all times until the FAF Termination Date, First American shall appoint to each committee of the Board a number of FAF Nominees, and at all times until the SpinCo Termination Date, SpinCo shall appoint to each committee of the SpinCo Board a number of SpinCo Nominees, equal, in each case, to 30% of the number of members of such committee, rounded to the nearest whole number of Nominees, but, in any event, not fewer than two, except that, if the audit committee of the Board or the SpinCo Board, as the case may be, shall have four or fewer members, only one Nominee shall be entitled to be a member of such committee. As of the date hereof, First American shall appoint the following FAF Nominees to the committees of the Board:

(i) Bruce Bennett, Christopher Greetham and Patrick F. Stone shall be appointed to the Executive Committee of the Board;

(ii) Glenn C. Christenson and Patrick F. Stone shall be appointed to the Ad Hoc Committee of the Board, and Mr. Stone shall be the Vice Chairman of the Ad Hoc Committee of the Board;

(iii) Glenn C. Christenson shall be appointed to the Audit Committee of the Board;

(iv) Bruce Bennett and Thomas C. O'Brien shall be appointed to the Nominating and Corporate Governance Committee of the Board; and

(v) Christopher Greetham and Thomas C. O'Brien shall be appointed to the Compensation Committee of the Board.

Section 1.2. Right to Updates.

Upon his joining the Board pursuant to Section 1.1(a), First American shall cause Patrick F. Stone to become and, until his resignation, or, consistent with the terms of this Agreement, his failure to be nominated, to remain, a member and Vice Chairman of the Board's Ad Hoc Committee, which is currently charged with the responsibility of monitoring First American's efforts to cut costs and centralize operations company-wide, or such other Board committee (such as, by way of example, the Executive Committee) with the responsibility to manage or oversee First American's operating and financial matters. In accordance with its charter, which is attached hereto as Exhibit A, First American shall cause the Ad Hoc Committee to permit Patrick F. Stone to fully participate in its activities. First American and the Shareholders further agree, with such agreement being an integral term upon which the Shareholders have relied in executing this Agreement, that Mr. Stone, in his position as Vice Chairman of the Ad Hoc Committee and/or director of First American, shall play an active role in providing advice, counsel and oversight in the implementation of First American's operational cost and business plan in a manner consistent with the powers and duties of a director