Fidelity National Financial, Inc.
Form 10-K
February 27, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
(Mark One)

R	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Fiscal Year Ended December 31, 2012
or	
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-32630

Fidelity National Financial, Inc.
(Exact name of registrant as specified in its charter)

Delaware	16-1725106
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
601 Riverside Avenue Jacksonville, Florida 32204 (Address of principal executive offices, including zip code)	(904) 854-8100 (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.0001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes R No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No R

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes R No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. R

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer R	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No R

The aggregate market value of the shares of the common stock held by non-affiliates of the registrant as of June 30, 2012 was $4,081,912,032 based on the closing price of $19.26 as reported by the New York Stock Exchange.

As of January 31, 2013, there were 228,595,354 shares of Common Stock outstanding.

The information in Part III hereof is incorporated herein by reference to the registrant's Proxy Statement on Schedule 14A for the fiscal year ended December 31, 2012, to be filed within 120 days after the close of the fiscal year that is the subject of this Report.

FIDELITY NATIONAL FINANCIAL, INC.
FORM 10-K
TABLE OF CONTENTS

i

Table of Contents

PART I

Item 1. Business

We are a leading provider of title insurance, mortgage services and other diversified services. We are the nation's largest title insurance company through our title insurance underwriters - Fidelity National Title, Chicago Title, Commonwealth Land Title and Alamo Title - that collectively issue more title insurance policies than any other title company in the United States. We also hold a 55% ownership interest in American Blue Ribbon Holdings, LLC ("ABRH"), the owner and operator of the O'Charley's, Ninety Nine Restaurants, Max & Erma's, Village Inn, Bakers Square, and Stoney River Legendary Steaks concepts. We also own 100% of J. Alexander's LLC ("J. Alexander's"). In addition, we own a 51% ownership interest in Remy International, Inc. ("Remy"), a leading designer, manufacturer, remanufacturer, marketer and distributor of aftermarket and original equipment electrical components for automobiles, light trucks, heavy-duty trucks and other vehicles. FNF also owns a minority interest in Ceridian Corporation ("Ceridian"), a leading provider of global human capital management and payment solutions.

We currently have four reporting segments as follows:

- Fidelity National Title Group. This segment consists of the operations of our title insurance underwriters and related businesses. This segment provides core title insurance and escrow and other title related services including collection and trust activities, trustee's sales guarantees, recordings and reconveyances, and home warranty insurance.
- Remy. This segment consists of the operations of Remy, in which we have a 51% ownership interest. Remy is a leading designer, manufacturer, remanufacturer, marketer and distributor of aftermarket and original equipment electrical components for automobiles, light trucks, heavy-duty trucks and other vehicles.
- Restaurant Group. The Restaurant Group segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH is the owner and operator of the O'Charley's, Ninety Nine Restaurants, Max & Erma's, Village Inn, Bakers Square, and Stoney River Legendary Steaks. This segment also includes the recently acquired J. Alexander's.
- Corporate and Other. The corporate and other segment consists of the operations of the parent holding company, certain other unallocated corporate overhead expenses, other smaller operations, and our share in the operations of certain equity investments, including Ceridian.

Competitive Strengths

We believe that our competitive strengths include the following:

Leading title insurance company. We are the largest title insurance company in the United States and a leading provider of title insurance and escrow and other title-related services for real estate transactions. Through the third quarter of 2012, our insurance companies had a 33.7% share of the U.S. title insurance market, according to the American Land Title Association ("ALTA").

Established relationships with our customers. We have strong relationships with the customers who use our title services. Our distribution network, which includes almost 1,200 direct residential title offices and approximately 5,000 agents, is among the largest in the United States. We also benefit from strong brand recognition in our multiple title brands that allows us to access a broader client base than if we operated under a single consolidated brand and provides our customers with a choice among brands.

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

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

Competitive cost structure. We have been able to maintain competitive operating margins in part by monitoring our businesses in a disciplined manner through continual evaluation of title order activity and management of our cost structure. When compared to our industry competitors, we also believe that our structure is more efficiently designed;

which allows us to operate with lower overhead costs.

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

Table of Contents

Corporate principles. A cornerstone of our management philosophy and operating success is the six fundamental precepts upon which we were founded, which are:

- Autonomy and entrepreneurship;
- Bias for action;
- Customer-oriented and motivated;
- Minimize bureaucracy;
- Employee ownership; and
- Highest standard of conduct.

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

We believe that our competitive strengths position us well to take advantage of future changes to the real estate market.

Strategy

Fidelity National Title Group

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

- Continue to operate multiple title brands independently. We believe that in order to maintain and strengthen our title insurance customer base, we must operate our strongest brands in a given marketplace independently of each other. Our national and regional brands include Fidelity National Title, Chicago Title, Commonwealth Land Title, Lawyers Title, Ticor Title, and Alamo Title. In our largest markets, we operate multiple brands. This approach allows us to continue to attract customers who identify with a particular brand and allows us to utilize a broader base of local agents and local operations than we would have with a single consolidated brand.
- Consistently deliver superior customer service. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. Our ability to provide superior customer service and consistent product delivery requires continued focus on providing high quality service and products at competitive prices. Our goal is to continue to improve the experience of our customers, in all aspects of our business.
- Manage our operations successfully through business cycles. We operate in a cyclical industry and our ability to diversify our revenue base within our core title insurance business and manage the duration of our investments may allow us to better operate in this cyclical business. Maintaining a broad geographic revenue base, utilizing both direct and independent agency operations and pursuing both residential and commercial title insurance business help diversify our title insurance revenues. We continue to monitor, evaluate and execute upon the consolidation of administrative functions, legal entity structure, and office consolidation, as necessary, to respond to the continually changing marketplace. We maintain shorter durations on our investment portfolio to mitigate our interest rate risk. A more detailed discussion of our investment strategies is included in “Investment Policies and Investment Portfolio.”
- Continue to improve our products and technology. As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant change, frequent new product and service introductions and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards. In connection with our service offerings, we are continuing to deploy new information system technologies to our direct and agency operations. We expect to improve the process of ordering title and escrow services and improve the delivery of our products to our customers.
- Maintain values supporting our strategy. We believe that our continued focus on and support of our long-established corporate culture will reinforce and support our business strategy. Our goal is to foster and support a corporate culture where our employees and agents seek to operate independently and profitably at the local level while forming close customer relationships by meeting customer needs and improving customer service. Utilizing a relatively flat managerial structure and providing our employees with a sense of individual ownership supports this goal.
- Effectively manage costs based on economic factors. We believe that our focus on our operating margins is essential to our continued success in the title insurance business. Regardless of the business cycle in which we may be

operating, we seek to continue to evaluate and manage our cost structure and make appropriate adjustments where economic conditions dictate. This continual focus on our cost structure helps us to better maintain our operating margins.

Table of Contents

Acquisitions, Dispositions, Minority Owned Operating Subsidiaries and Financings

Acquisitions have been an important part of our growth strategy. On an ongoing basis, with assistance from our advisors, we actively evaluate possible transactions, such as acquisitions and dispositions of business units and operating assets and business combination transactions, as well as possible means of financing the growth and operations of our business units or raising funds, through securities offerings or otherwise, for debt repayment or other purposes. In the future, we may seek to sell certain investments or other assets to increase our liquidity. Further, our management has stated that we may make acquisitions in lines of business that are not directly tied to or synergistic with our core operating segments. There can be no assurance, however, that any suitable opportunities will arise or that any particular transaction will be completed. We have made a number of acquisitions over the past three years to strengthen and expand our service offerings and customer base in our various businesses, and to expand into other businesses or where we otherwise saw value.

On December 31, 2012, we acquired Digital Insurance, Inc. ("Digital Insurance"). Total consideration paid was $98.2 million in cash, net of cash acquired of $3.1 million. We have consolidated the operations of Digital Insurance as of December 31, 2012. Digital Insurance is the nation's leading employee benefits platform specializing in health insurance distribution and benefits management for small and mid-sized businesses.

In September 2012, we successfully completed a tender offer for the outstanding common stock of J. Alexander's Corporation for $14.50 per share. Total consideration paid was $70.4 million in cash, net of cash acquired of $6.9 million. Effective October 29, 2012, following a one-month waiting period required under the Tennessee Business Corporation Act, we completed the closing of the short-form merger with J. Alexander's and now own 100% of J. Alexander's, which later became J. Alexander's LLC. We have consolidated the operations of J. Alexander's beginning September 26, 2012. As of December 31, 2012, J. Alexander's operates 33 J. Alexander's restaurants in 13 states. Subsequent to year-end on February 25, 2013, we merged Stoney River Legendary Steaks into J. Alexander's.

During the third quarter of 2012, we acquired 1.5 million additional shares of Remy, increasing our ownership interest to 16.3 million shares or 51% of Remy's total outstanding common shares. As a result of this acquisition we began to consolidate the results of Remy effective August 14, 2012. We previously held a 47% ownership interest in Remy. Total consideration paid for the additional 1.5 million shares was $31.3 million and cash acquired upon consolidation of Remy was $95.5 million. Goodwill has been recorded based on the amount that the purchase price exceeded the fair value of the net assets acquired. Our 47% equity method investment prior to consolidation of $179.2 million was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheets. A realized gain of $78.8 million was recognized in 2012 for the difference between our basis in our equity method investment of Remy prior to consolidation and the fair value of our investment in Remy at August 14, 2012, the date we acquired control and began to consolidate its operations.

On April 9, 2012, we successfully closed a tender offer for the outstanding common stock of O'Charley's Inc. ("O'Charley's"). We have consolidated the results of O'Charley's as of April 9, 2012. On May 11, 2012, we merged O'Charley's with our investment in ABRH in exchange for an increase in our ownership position in ABRH from 45% to 55%. As of December 31, 2012, there were 322 company-owned restaurants in the O'Charley's group of companies and 218 company-owned restaurants in the ABRH group of companies. Total consideration paid was $122.2 million in cash, net of cash acquired of $35.0 million. Our investment in ABRH, prior to the merger, was $37.0 million and was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheet. Our investment in O'Charley's prior to the tender offer of $13.8 million was included in Equity securities available for sale on the Consolidated Balance Sheet. We have consolidated the operations of ABRH with the O'Charley's group of companies, beginning on May 11, 2012.

On May 1, 2012, we completed the sale of an 85% interest in our remaining subsidiaries that write personal lines insurance to WT Holdings, Inc. for $119.0 million. Accordingly, the results of this business through the date of sale (which we refer to as our "at-risk" insurance business) for all periods presented are reflected in the Consolidated Statements of Earnings as discontinued operations. The at-risk insurance business sale resulted in a pre-tax loss of $15.1 million, which was recorded in the fourth quarter of 2011.

On October 31, 2011, we completed the sale of our flood insurance business to WRM America Holdings LLC (“WRM America”) for $135.0 million in cash and dividends, and a $75.0 million seller note. The seller note was paid in full during 2012. The flood insurance business sale resulted in a pre-tax gain of approximately $154.1 million ($94.9 million after tax), which was recorded in 2011.

Remy

Remy's strategy is to be the leading global manufacturer and remanufacturer of starters and alternators, yielding superior financial returns, as well as seeking to be a leading participant in the growing production of hybrid electric motors. We believe there are significant opportunities for future growth in this industry.

Table of Contents

Remy's strategies for capitalizing on these opportunities include the following:

- Building on market-leading positions in commercial vehicle products by producing durable, high-output starters and alternators for commercial vehicles in both original equipment ("OE") and aftermarket.
- Commitment to expanding manufacturing in growth markets in Asia and South America.
- Continue to invest in hybrid electric motors for commercial vehicles.
- Continue to leverage the benefits of having an OE and aftermarket presence, seeking to provide our aftermarket customers with new products faster than competitors and providing its OE business with useful knowledge regarding long-term product performance and durability.
- Continue to provide value-added services that enhance customer performance, including category management services that strengthen its customer relationships, support customer growth and improve product category profitability.
- Selectively pursue strategic partnerships and acquisitions that leverage its core competencies.

Restaurant Group

Our restaurant operations are focused in the family dining, casual dining and upscale-casual dining segments. The Restaurant Group's strategy is to manage our business to achieve long-term profit growth and drive increases in same store sales and guest counts. We have a highly experienced management team that is focused on enhancing the guest experience at our restaurants and building team member engagement. We also utilize a shared service platform that takes advantage of the combined synergies of our operating companies to provide purchasing power and other shared service functions. We expect to continue to maintain a strong balance sheet for our Restaurant Group to support future acquisitions and to provide stability in all operating environments.

Title Insurance

Market for title insurance. According to Demotech Performance of Title Insurance Companies 2012 Edition, an annual compilation of financial information from the title insurance industry that is published by Demotech Inc., an independent firm ("Demotech"), total operating income for the entire U.S. title insurance industry has decreased from its highest at $17.8 billion in 2005 to its lowest of $10.4 billion in 2011. The size of the industry is closely tied to various macroeconomic factors, including, but not limited to, growth in the gross domestic product, inflation, unemployment, the availability of credit, consumer confidence, interest rates, and sales volumes and prices for new and existing homes, as well as the volume of refinancing of previously issued mortgages.

Most real estate transactions consummated in the U.S. require the use of title insurance by a lending institution before the transaction can be completed. Generally, revenues from title insurance policies are directly correlated with the value of the property underlying the title policy, and appreciation or depreciation in the overall value of the real estate market are major factors in total industry revenues. Industry revenues are also driven by factors affecting the volume of real estate closings, such as the state of the economy, the availability of mortgage funding, and changes in interest rates, which affect demand for new mortgage loans and refinancing transactions. Both the volume and the average price of residential real estate transactions have declined from 2007-2011. Beginning in 2008 and continuing through 2011, the mortgage delinquency and default rates caused negative operating results at a number of banks and financial institutions. Multiple banks failed during this time and others may fail in the future, reducing the capacity of the mortgage industry to make loans. During this time, lenders have tightened their underwriting standards which has made it more difficult for buyers to qualify for new loans. However, during this same period, interest rates declined to historically low levels, which spurred higher refinance activity in the period 2009 through 2012. We began to see a stabilization in the volume and average price of residential real estate during 2012. Our revenues in future periods will continue to be subject to these and other factors which are beyond our control and, as a result, are likely to fluctuate.

The U.S. title insurance industry is concentrated among a handful of industry participants. According to Demotech, the top four title insurance groups accounted for 88% of net premiums written in 2011. Over 30 independent title insurance companies accounted for the remaining 12% of net premiums written in 2011. In December 2008, we acquired LFG’s two principal title insurance underwriters, Commonwealth and Lawyers (the "LFG Underwriters"). Consolidation has created opportunities for increased financial and operating efficiencies for the industry’s largest

participants and should continue to drive profitability and market share in the industry.
Title Insurance Policies. Generally, real estate buyers and mortgage lenders purchase title insurance to insure good and marketable title to real estate and priority of lien. A brief generalized description of the process of issuing a title insurance policy is as follows:

- The customer, typically a real estate salesperson or broker, escrow agent, attorney or lender, places an order for a title policy.
- Company personnel note the specifics of the title policy order and place a request with the title company or its agents for a preliminary report or commitment.

Table of Contents

- After the relevant historical data on the property is compiled, the title officer prepares a preliminary report that documents the current status of title to the property, any exclusions, exceptions and/or limitations that the title company might include in the policy, and specific issues that need to be addressed and resolved by the parties to the transaction before the title policy will be issued.
- The preliminary report is circulated to all the parties for satisfaction of any specific issues.
- After the specific issues identified in the preliminary report are satisfied, an escrow agent closes the transaction in accordance with the instructions of the parties and the title company's conditions.
- Once the transaction is closed and all monies have been released, the title company issues a title insurance policy.

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

Title insurance premiums paid in connection with a title insurance policy are based on (and typically are a percentage of) either the amount of the mortgage loan or the purchase price of the property insured. Applicable state insurance regulations or regulatory practices may limit the maximum, or in some cases the minimum, premium that can be charged on a policy. Title insurance premiums are due in full at the closing of the real estate transaction. A lender's policy generally terminates upon the refinancing or resale of the property.

The amount of the insured risk or "face amount" of insurance under a title insurance policy is generally equal to either the amount of the loan secured by the property or the purchase price of the property. The title insurer is also responsible for the cost of defending the insured title against covered claims. The insurer's actual exposure at any given time, however, generally is less than the total face amount of policies outstanding because the coverage of a lender's policy is reduced and eventually terminated as a result of payment of the mortgage loan. A title insurer also generally does not know when a property has been sold or refinanced except when it issues the replacement coverage. Because of these factors, the total liability of a title underwriter on outstanding policies cannot be precisely determined.

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

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

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

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

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

Table of Contents

- higher margins because we retain the entire premium from each transaction instead of paying a commission to an independent agent;
- continuity of service levels to a broad range of customers; and
- additional sources of income through escrow and closing services.

We have just under 1,200 offices throughout the U.S. primarily providing residential real estate title insurance. We continuously monitor the number of direct offices to make sure that it remains in line with our strategy and the current economic environment. Our commercial real estate title insurance business is operated almost exclusively through our direct operations. We maintain direct operations for our commercial title insurance business in all the major real estate markets including New York, Los Angeles, Chicago, Atlanta, Dallas, Philadelphia, Phoenix, Seattle, Boston, Washington D.C., and Houston.

Agency Operations. In our agency operations, the search and examination function is performed by an independent agent or the agent may purchase the search and examination from us. In either case, the agent is responsible to ensure that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. Independent agents may select among several title underwriters based upon their relationship with the underwriter, the amount of the premium "split" offered by the underwriter, the overall terms and conditions of the agency agreement and the scope of services offered to the agent. Premium splits vary by geographic region, and in some states are fixed by insurance regulatory requirements. Our relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on our behalf. The agency agreement also sets forth the agent's liability to us for policy losses attributable to the agent's errors. An agency agreement is usually terminable without cause upon 30 days notice or immediately for cause. In determining whether to engage or retain an independent agent, we consider the agent's experience, financial condition and loss history. For each agent with whom we enter into an agency agreement, we maintain financial and loss experience records. We also conduct periodic audits of our agents and strategically decrease the number of agents with which we transact business in an effort to reduce future expenses and manage risks. As of December 31, 2012, we transact business with approximately 5,000 agents.

Fees and Premiums. One method of analyzing our business is to examine the level of premiums generated by direct and agency operations.

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

	Year Ended December 31,								
	2012			2011			2010		
	Amount	%		Amount	%		Amount	%	
	(Dollars in millions)								
Direct	$1,736.0	45.2	%	$1,431.5	43.9	%	$1,404.5	38.6	%
Agency	2,100.5	54.8		1,829.6	56.1		2,236.7	61.4	
Total title insurance premiums	$3,836.5	100.0	%	$3,261.1	100.0	%	$3,641.2	100.0	%

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

Geographic Operations. Our direct title operations are divided into approximately 140 profit centers. Each profit center processes title insurance transactions within its geographical area, which is usually identified by a county, a group of counties forming a region, or a state, depending on the management structure in that part of the country. We also transact title insurance business through a network of approximately 5,000 agents, primarily in those areas in which agents are the more prevalent title insurance provider.

Table of Contents

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

	Year Ended December 31,								
	2012			2011			2010		
	Amount	%		Amount	%		Amount	%	
	(Dollars in millions)								
California	$659.6	17.2	%	$515.3	15.8	%	$570.0	15.7	%
Texas	495.5	12.9		401.2	12.3		412.1	11.3	
New York	282.2	7.4		262.9	8.0		284.4	7.8	
Florida	258.5	6.7		214.2	6.6		226.5	6.2	
Illinois	183.8	4.8		149.2	4.6		156.9	4.3	
All others	1,956.9	51.0		1,718.3	52.7		1,991.3	54.7	
Totals	$3,836.5	100.0	%	$3,261.1	100.0	%	$3,641.2	100.0	%

Remy generates revenue in multiple geographic locations. Revenues are attributed to geographic locations based on the point of sale.

Auto parts revenue in our Remy segment by region was as follows:

	2012	
United States	66.0	%
Asia Pacific	20.0	%
Europe	8.8	%
South America	4.2	%
Mexico	0.5	%
Canada	0.5	%
Total	100.0	%

Our Restaurant Group operates restaurants in 45 states throughout the United States.

Escrow, Title-Related and Other Fees. In addition to fees for underwriting title insurance policies, we derive a significant amount of our revenues from escrow and other title-related services including collection and trust activities, trustee's sales guarantees, recordings and reconveyances, and home warranty services. The escrow and other services provided by us include all of those typically required in connection with residential and commercial real estate purchases and refinance activities. Escrow, title-related and other fees represented approximately 23.7%, 29.5%, and 25.9% of our revenues in 2012, 2011, and 2010, respectively.

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

Claims. An important part of our operations is the handling of title and escrow claims. We employ a large staff of attorneys in our claims department. Our claims processing centers are located in Omaha, Nebraska and Jacksonville, Florida. In-house claims counsel who handle larger claims are also located in other parts of the country.

Claims result from a wide range of causes. These causes generally include, but are not limited to, search and exam errors, forgeries, incorrect legal descriptions, signature and notary errors, unrecorded liens, mechanics' liens, the failure to pay off existing liens, mortgage lending fraud, mishandling or theft of settlement funds (including independent agency defalcations), and mistakes in the escrow process. Under our policies, we are required to defend insureds when covered claims are filed against their interest in the property. Some claimants seek damages in excess of policy limits. Those claims are based on various legal theories, including in some cases allegations of negligence or an intentional tort. We occasionally incur losses in excess of policy limits. Experience shows that most policy claims and claim payments are made in the first six years after the policy has been issued, although claims may also be reported and paid many years later.

Title losses due to independent agency defalcations typically occur when the independent agency misappropriates funds from escrow accounts under its control. Such losses are usually discovered when the independent agency fails to pay off an outstanding mortgage loan at closing (or immediately thereafter) from the proceeds of the new loan. Once the previous lender determines that its loan has not been paid off timely, it will file a claim against the title insurer.

Claims can be complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time claims are processed. In our commercial title business, we may issue polices with face amounts well in excess of $100.0 million, and from time to time claims are submitted with respect to large policies. We believe we are appropriately reserved with respect to all claims (large and small) that we currently face. Occasionally we experience large losses from title policies that have been issued or from our escrow operations, or overall worsening loss payment experience, which require us to increase our title loss reserves. These events are unpredictable and adversely affect our earnings. Claims can result in litigation in which we may represent our insured and/or ourselves. We consider this type of litigation to be an ordinary course aspect of the conduct of our business.

Reinsurance and Coinsurance. We limit our maximum loss exposure by reinsuring risks with other insurers under excess of loss and case-by-case (“facultative”) reinsurance agreements. Reinsurance agreements generally provide that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable in the event the reinsurer does not meet its contractual obligations. Facultative reinsurance agreements are entered into with other title insurers when the transaction to be insured will exceed state statutory or self-imposed limits. Excess of loss reinsurance protects us from a loss from a single occurrence. Through March 1, 2013, our excess of loss coverage is split into two tiers. The first tier provides coverage for residential and commercial transactions up to $100.0 million per loss occurrence, subject to a $10.0 million retention per loss. Prior to any recovery, there is also an additional $5.0 million aggregate retention. The second tier provides additional coverage for commercial transactions in excess of $100.0 million of loss per occurrence up to $400.0 million per occurrence, with the Company participating at 20.0%. We are currently in process of negotiating the terms and conditions of our 2013 - 2014 coverages.

In addition to reinsurance, we carry errors and omissions insurance and fidelity bond coverage, each of which can provide protection to us in the event of certain types of losses that can occur in our businesses.

Our policy is to be selective in choosing our reinsurers, seeking only those companies that we consider to be financially stable and adequately capitalized. In an effort to minimize exposure to the insolvency of a reinsurer, we periodically review the financial condition of our reinsurers.

We also use coinsurance in our commercial title business to provide coverage in amounts greater than we would be willing or able to provide individually. In coinsurance transactions, each individual underwriting company issues a separate policy and assumes a portion of the overall total risk. As a coinsurer we are only liable for the portion of the risk we assume.

We also earn a small amount of additional income, which is reflected in our direct premiums, by assuming reinsurance for certain risks of other title insurers.

Competition. Competition in the title insurance industry is based primarily on expertise, service and price. In addition, the financial strength of the insurer has become an increasingly important factor in decisions relating to the purchase of title insurance, particularly in multi-state transactions and in situations involving real estate-related investment vehicles such as real estate investment trusts and real estate mortgage investment conduits. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as First American Financial Corporation, Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous smaller title insurance companies, underwritten title companies and independent agency operations at the regional and local level. Independent agency operations account for 54.8% of our total title insurance premiums. Several of the smaller competitors have closed their operations in the past few years as a result of the significant decrease in activity in the residential real estate market. The addition or removal of regulatory barriers might result in changes to competition in the title insurance business. New competitors may include diversified financial services companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect our business operations and financial condition.

Regulation. Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. Each of the insurers is subject to a holding company act in its state of domicile, which regulates, among other matters, the ability to pay dividends and enter into transactions with affiliates. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing

Table of Contents

and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders ("capital and surplus") requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. The process of state regulation of changes in rates ranges from states which set rates, to states where individual companies or associations of companies prepare rate filings which are submitted for approval, to a few states in which rate changes do not need to be filed for approval.

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

Pursuant to statutory accounting requirements of the various states in which our title insurers are domiciled, these insurers must defer a portion of premiums as an unearned premium reserve for the protection of policyholders (in addition to their reserves for known claims) and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined by a statutory formula based upon either the age, number of policies, and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2012, the combined statutory unearned premium reserve required and reported for our title insurers was $1,777.7 million. In addition to statutory unearned premium reserves and reserves for known claims, each of our insurers maintains surplus funds for policyholder protection and business operations.

Each of our insurance subsidiaries is regulated by the insurance regulatory authority in its respective state of domicile, as well as that of each state in which it is licensed. The insurance commissioners of their respective states of domicile are the primary regulators of our insurance subsidiaries. Each of the insurers is subject to periodic regulatory financial examination by regulatory authorities.

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

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

- 10% of the insurer's statutory surplus as of the immediately prior year end; or
- the statutory net income of the insurer during the prior calendar year.

The laws and regulations of some jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain prior regulatory approval. During 2013, our directly owned title insurers can pay dividends or make distributions to us of approximately $255.4 million without prior regulatory approval; however, insurance regulators have the authority to prohibit the payment of ordinary dividends or other payments by our title insurers to us (such as a payment under a tax sharing agreement or for employee or other services) if they determine that such payment could be adverse to our policyholders. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders.

The combined statutory capital and surplus of our title insurers was approximately $1,381.1 million and $894.7 million as of December 31, 2012 and 2011, respectively. The combined statutory earnings (loss) of our title insurers were $272.9 million, $151.1 million, and $(46.6) million for the years ended December 31, 2012, 2011, and 2010, respectively.

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

Pursuant to statutory requirements of the various states in which our insurers are domiciled, such insurers must maintain certain levels of minimum capital and surplus. Required levels of minimum capital and surplus are not significant to the insurers individually or in the aggregate. Each of our insurers has complied with the minimum statutory requirements as of December 31, 2012.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth requirements for each underwritten title company are as follows: $7.5 million for Fidelity National Title Company, $2.5 million for Fidelity National Title Company of California, $3.0 million for Chicago Title Company, and $0.4 million for Ticor Title Company of California, Commonwealth Land Title Company, and Lawyers

Table of Contents

Title Company. These companies were in compliance with their respective minimum net worth requirements at December 31, 2012.

From time to time we receive inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies about various matters relating to our business. Sometimes these take the form of civil investigative demands or subpoenas. We cooperate with all such inquiries and we have responded to or are currently responding to inquiries from multiple governmental agencies. Also, regulators and courts have been dealing with issues arising from foreclosures and related processes and documentation. Various governmental entities are studying the title insurance product, market, pricing, and business practices, and potential regulatory and legislative changes, which may materially affect our business and operations. From time to time, we are assessed fines for violations of regulations or other matters or enter into settlements with such authorities which may require us to pay fines or claims or take other actions. For further discussion, see item 3, Legal Proceedings.

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

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

Ratings

Our title insurance underwriters are regularly assigned ratings by independent agencies designed to indicate their financial condition and/or claims paying ability. The rating agencies determine ratings by quantitatively and qualitatively analyzing financial data and other information. Our title subsidiaries include Alamo Title, Chicago Title, Commonwealth Land Title, and Fidelity National Title. Standard & Poor’s Ratings Group (“S&P”), Moody’s Investors Service (“Moody’s”), and A. M. Best Company ("A.M. Best") provide ratings for the entire FNF family of companies as a whole as follows:

	S&P	Moody’s	A.M. Best
FNF family of companies	A-	A3	A-

The relative position of each of our ratings among the ratings scale assigned by each rating agency is as follows:

•An S&P "A-" rating is the eighth highest rating of 25 ratings for S&P. S&P states that an “A-” rating means that, in its opinion, the insurer is highly likely to have the ability to meet its financial obligations.

•A Moody's "A3" rating is the twelfth highest rating of 33 ratings for Moody's. Moody's states that insurance companies rated “A3” offer good financial security.

•An A.M. Best "A-" rating is the fourth highest rating of 15 ratings for A.M. Best. A.M. Best states that its “A-(Excellent)” rating is assigned to those companies that have, in its opinion, an excellent ability to meet their ongoing obligations to policyholders.

Demotech provides financial strength/stability ratings for each of our principal title insurance underwriters individually, as follows:

Alamo Title Insurance	A’
Chicago Title Insurance Company	A”
Commonwealth Land Title Insurance Company	A

Fidelity National Title Insurance Company	A’

Demotech states that its ratings of “A´´ (A double prime)” and “A´ (A prime)” reflect its opinion that, regardless of the severity of a general economic downturn or deterioration in the insurance cycle, the insurers assigned either of those ratings possess “Unsurpassed” financial stability related to maintaining positive surplus as regards policyholders. The “A” rating reflects Demotech's opinion that, regardless of the severity of a general economic downturn or deterioration in the insurance cycle, the

10

insurers assigned such rating possess “Exceptional” financial stability related to maintaining positive surplus as regards policyholders. The “A´´ (A double prime)”, “A´ (A prime)” and "A" ratings are the three highest ratings of Demotech's five ratings.

The ratings of S&P, Moody’s, A.M. Best, and Demotech described above are not designed to be, and do not serve as, measures of protection or valuation offered to investors. These financial strength ratings should not be relied on with respect to making an investment in our securities. See “Item 1A. Risk Factors — If the rating agencies downgrade our Company, our results of operations and competitive position in the title insurance industry may suffer” for further information.

Patents, Trademarks and Other Intellectual Property

We rely on a combination of contractual restrictions, internal security practices, and copyright and trade secret law to establish and protect our software, technology, and expertise across our businesses. Further, we have developed a number of brands that have accumulated substantial goodwill in the marketplace, and we rely on trademark law to protect our rights in that area. We intend to continue our policy of taking all measures we deem necessary to protect our copyright, trade secret, and trademark rights. These legal protections and arrangements afford only limited protection of our proprietary rights, and there is no assurance that our competitors will not independently develop or license products, services, or capabilities that are substantially equivalent or superior to ours.

Technology and Research and Development

As a national provider of real estate transaction products and services, we participate in a dynamic industry that is subject to significant regulatory requirements, frequent new product and service introductions, and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards. In connection with our title segment service offerings, we are continuing to deploy new information system technologies to our direct and agency operations. We continue to improve the process of ordering title and escrow services and improve the delivery of our products to our customers. In order to meet new regulatory requirements, we also continue to expand our data collection and reporting abilities.

Investment Policies and Investment Portfolio

Our investment policy is designed to maximize total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity. Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. The various states in which we operate regulate the types of assets that qualify for purposes of capital, surplus, and statutory unearned premium reserves. Our investment policy specifically limits duration and non-investment grade allocations in the core fixed-income portfolio. Maintaining shorter durations on the investment portfolio allows for the mitigation of interest rate risk. Equity securities are utilized to take advantage of perceived value or for strategic purposes. Due to the magnitude of the investment portfolio in relation to our claims loss reserves, durations of investments are not specifically matched to the cash outflows required to pay claims.

As of December 31, 2012 and 2011, the carrying amount, which approximates the fair value, of total investments, excluding investments in unconsolidated affiliates, was $3.7 billion and $3.5 billion, respectively.

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

Table of Contents

The following table presents certain information regarding the investment ratings of our fixed maturity securities and preferred stock portfolio at December 31, 2012 and 2011:

	December 31, 2012				2011			
Rating(1)	Amortized Cost	% of Total	Fair Value	% of Total	Amortized Cost	% of Total	Fair Value	% of Total
	(Dollars in millions)							
Aaa/AAA	$439.3	13.7 %	$464.2	13.8 %	$534.7	17.3 %	$565.1	17.7 %
Aa/AA	1,005.3	31.4	1,054.0	31.4	1,084.8	35.1	1,139.5	35.6
A	799.2	24.9	843.1	25.1	728.2	23.5	759.0	23.7
Baa/BBB	721.7	22.5	758.1	22.6	505.7	16.3	516.2	16.1
Ba/BB/B	200.0	6.2	203.1	6.1	159.6	5.2	153.4	4.8
Lower	13.8	0.4	8.1	0.2	68.4	2.2	55.1	1.7
Other (2)	27.2	0.9	26.1	0.8	11.6	0.4	11.9	0.4
	$3,206.5	100.0 %	$3,356.7	100.0 %	$3,093.0	100.0 %	$3,200.2	100.0 %

(1) Ratings as assigned by Moody's Investors Service or Standard & Poor's Ratings Group if a Moody's rating is unavailable.
(2) This category is composed of unrated securities.

The following table presents certain information regarding contractual maturities of our fixed maturity securities:

	December 31, 2012			
Maturity	Amortized Cost	% of Total	Fair Value	% of Total
	(Dollars in millions)			
One year or less	$244.6	8.2 %	$248.0	7.9 %
After one year through five years	1,689.6	56.3	1,760.1	56.0
After five years through ten years	902.3	30.1	960.2	30.6
After ten years	17.7	0.6	18.0	0.6
Mortgage-backed/asset-backed securities	145.4	4.8	153.5	4.9
	$2,999.6	100.0 %	$3,139.8	100.0 %

At December 31, 2012 substantially all of our mortgage-backed and asset-backed securities are rated AAA by Moody's. The mortgage-backed and asset-backed securities are made up of $111.4 million of agency-backed mortgage-backed securities, $9.9 million of agency-backed collateralized mortgage obligations, $22.0 million of commercial mortgage-backed securities, and $10.2 million in asset-backed securities.

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on mortgage-backed and asset-backed securities, they are not categorized by contractual maturity. Fixed maturity securities with an amortized cost of $1,476.6 million and a fair value of $1,533.2 million were callable or had make-whole call provisions at December 31, 2012.

Our equity securities at December 31, 2012 and 2011 consisted of investments at a cost basis of $102.9 million and $83.2 million, respectively, and fair value of $137.6 million and $105.7 million, respectively. The balance of equity securities at December 31, 2012 and 2011 contains an investment in Fidelity National Information Services ("FIS") stock, a related party. The fair value of our investment in FIS stock was $55.8 million and $42.6 million as of December 31, 2012 and 2011, respectively. There were no significant investments in banks, trust or insurance companies at December 31, 2012 or 2011.

At December 31, 2012 and 2011, we also held $392.2 million and $546.5 million, respectively, in investments that are accounted for using the equity method of accounting, principally our ownership interests in Ceridian and Remy in 2011.

As of December 31, 2012 and 2011, Other long-term investments included structured notes at a fair value of $40.8 million, which were purchased in the third quarter of 2009. Also included in Other long-term investments were investments accounted for using the cost method of accounting of $63.8 million and $36.7 million, as of December 31, 2012 and 2011, respectively.

Table of Contents

Short-term investments, which consist primarily of securities purchased under agreements to resell, commercial paper and money market instruments which have an original maturity of one year or less, are carried at amortized cost, which approximates fair value. As of December 31, 2012 and 2011, short-term investments amounted to $61.9 million and $50.4 million, respectively.

Our investment results for the years ended December 31, 2012, 2011 and 2010 were as follows:

	December 31,		
	2012	2011	2010
	(Dollars in millions)		
Net investment income (1)	$162.9	$164.8	$156.6
Average invested assets	$3,697.8	$3,792.2	$3,928.7
Effective return on average invested assets	4.4 %	4.3 %	4.0 %

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

Loss Reserves

For information about our loss reserves, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates.

Employees

As of January 25, 2013, we had approximately 60,451 full-time equivalent employees, which includes 19,854 in our Fidelity National Title segment, 33,859 in our Restaurant Group segment and 6,631 in our Remy segment in our remaining segments. We monitor our staffing levels based on current economic activity. Except for approximately 3,000 of Remy's employees, none of our employees are subject to collective bargaining agreements. We believe that our relations with employees are generally good.

Statement Regarding Forward-Looking Information

The statements contained in this Form 10-K or in our other documents or in oral presentations or other statements made by our management that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding our expectations, hopes, intentions, or strategies regarding the future. These statements relate to, among other things, future financial and operating results of the Company. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimat "predict," "potential," or "continue," or the negative of these terms and other comparable terminology. Actual results could differ materially from those anticipated in these statements as a result of a number of factors, including, but not limited to the following:

- changes in general economic, business, and political conditions, including changes in the financial markets;
- the severity of our title insurance claims;
- downgrade of our credit rating by rating agencies;
- adverse changes in the level of real estate activity, which may be caused by, among other things, high or increasing interest rates, a limited supply of mortgage funding, increased mortgage defaults, or a weak U.S. economy;
- compliance with extensive government regulation of our operating subsidiaries and adverse changes in applicable laws or regulations or in their application by regulators;
- regulatory investigations of the title insurance industry;
- loss of key personnel that could negatively affect our financial results and impair our operating abilities;
- our business concentration in the State of California, the source of approximately 17.2% of our title insurance premiums;
- our potential inability to find suitable acquisition candidates, as well as the risks associated with acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties integrating acquisitions;
- our dependence on distributions from our title insurance underwriters as our main source of cash flow;
- competition from other title insurance companies; and
- other risks detailed in "Risk Factors" below and elsewhere in this document and in our other filings with the SEC.

We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider the possibility that actual results may differ materially from our forward-looking statements.

Table of Contents

Additional Information

Our website address is www.fnf.com. We make available free of charge on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. However, the information found on our website is not part of this or any other report.

Item 1A. Risk Factors

In addition to the normal risks of business, we are subject to significant risks and uncertainties, including those listed below and others described elsewhere in this Annual Report on Form 10-K. Any of the risks described herein could result in a significant or material adverse effect on our results of operations or financial condition.

General

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

Title insurance revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. The levels of real estate activity are primarily affected by the average price of real estate sales, the availability of funds to finance purchases and mortgage interest rates.

We have found that residential real estate activity generally decreases in the following situations:

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

Declines in the level of real estate activity or the average price of real estate sales are likely to adversely affect our title insurance revenues. The Mortgage Bankers Association's ("MBA") Mortgage Finance Forecast currently estimates an approximately $1.4 trillion mortgage origination market for 2013, which would be a decrease of 22.2% from 2012. The MBA forecasts that the 22.2% decrease will result almost entirely from decreased refinance activity. Our revenues in future periods will continue to be subject to these and other factors which are beyond our control and, as a result, are likely to fluctuate.

We have recorded goodwill as a result of prior acquisitions, and an economic downturn could cause these balances to become impaired, requiring write-downs that would reduce our operating income.

Goodwill aggregated approximately $1,908.5 million, or 19.3% of our total assets, as of December 31, 2012. Current accounting rules require that goodwill be assessed for impairment at least annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable from estimated future cash flows. Factors that may be considered a change in circumstance indicating the carrying value of our intangible assets, including goodwill, may not be recoverable include, but are not limited to, significant underperformance relative to historical or projected future operating results, a significant decline in our stock price and market capitalization, and negative industry or economic trends. No goodwill impairment charge was recorded in 2012. However, if there is an economic downturn in the future, the carrying amount of our goodwill may no longer be recoverable, and we may be required to record an impairment charge, which would have a negative impact on our results of operations and financial condition. We will continue to monitor our market capitalization and the impact of the economy to determine if there is an impairment of goodwill in future periods.

If economic and credit market conditions deteriorate, it could have a material adverse impact on our investment portfolio.

Our investment portfolio is exposed to economic and financial market risks, including changes in interest rates, credit markets and prices of marketable equity and fixed-income securities. Our investment policy is designed to maximize total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity and complying with internal and regulatory guidelines. To achieve this objective, our marketable debt investments are primarily investment grade, liquid, fixed-income securities and money market instruments denominated in U.S. dollars. We make investments in certain equity securities and preferred stock in order to take advantage of perceived value and for strategic purposes. In the past, economic and credit market conditions have adversely affected the ability of some issuers of investment securities to repay their obligations and have affected the values of investment securities. If the carrying value of our investments exceeds the fair value, and the decline in fair value is deemed to be other-than-temporary, we will be required to write down the value of our investments, which could have a material negative impact on our results of operations and financial condition. We own a minority interest in Ceridian Corporation ("Ceridian"), a leading provider of global human capital management and payment solutions. If the fair value of this company were to decline below book value, we would be required to write down the value of our investment, which could have a material negative impact on our results of operations and financial condition. If this company were to experience significant negative volatility in its results of operations it would have a material adverse effect on our own results of operations due to our inclusion of our portion of its earnings in our results of operations.

Table of Contents

If financial institutions at which we hold escrow funds fail, it could have a material adverse impact on our company.
We hold customers' assets in escrow at various financial institutions, pending completion of real estate transactions. These assets are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets. We have a contingent liability relating to proper disposition of these balances for our customers, which amounted to $7.5 billion at December 31, 2012. Failure of one or more of these financial institutions may lead us to become liable for the funds owed to third parties and there is no guarantee that we would recover the funds deposited, whether through Federal Deposit Insurance Corporation coverage or otherwise.
If we experience changes in the rate or severity of title insurance claims, it may be necessary for us to record additional charges to our claim loss reserve. This may result in lower net earnings and the potential for earnings volatility.
By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors. From time to time, we experience large losses or an overall worsening of our loss payment experience in regard to the frequency or severity of claims that require us to record additional charges to our claims loss reserve. There are currently pending several large claims which we believe can be defended successfully without material loss payments. However, if unanticipated material payments are required to settle these claims, it could result in or contribute to additional charges to our claim loss reserves. These loss events are unpredictable and adversely affect our earnings.
At each quarter end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision to that balance and subtracting actual paid claims from that balance, resulting in an amount that management then compares to the actuary's central estimate provided in the actuarial calculation. Due to the uncertainty and judgment used by both management and our actuary, our ultimate liability may be greater or less than our current reserves and/or our actuary’s calculation. If the recorded amount is within a reasonable range of the actuary’s central estimate, but not at the central estimate, management assesses other factors in order to determine our best estimate. These factors, which are more qualitative than quantitative, can change from period to period and include items such as current trends in the real estate industry (which management can assess, but for which there is a time lag in the development of the data used by our actuary), any adjustments from the actuarial estimates needed for the effects of unusually large or small claims, improvements in our claims management processes, and other cost saving measures. Depending upon our assessment of these factors, we may or may not adjust the recorded reserve. If the recorded amount is not within a reasonable range of the actuary’s central estimate, we would record a charge or credit and reassess the provision rate on a go forward basis.
Our average provision for claim losses was 7.0% of title premiums in 2012. We will reassess the provision to be recorded in future periods consistent with this methodology and can make no assurance that we will not need to record additional charges in the future to increase reserves in respect of prior periods.
Our insurance subsidiaries must comply with extensive regulations. These regulations may increase our costs or impede or impose burdensome conditions on actions that we might seek to take to increase the revenues of those subsidiaries.
Our insurance businesses are subject to extensive regulation by state insurance authorities in each state in which they operate. These agencies have broad administrative and supervisory power relating to the following, among other matters:

- licensing requirements;
- trade and marketing practices;
- accounting and financing practices;
- capital and surplus requirements;
- the amount of dividends and other payments made by insurance subsidiaries;
- investment practices;
- rate schedules;
- deposits of securities for the benefit of policyholders;

- establishing reserves; and
- regulation of reinsurance.

Most states also regulate insurance holding companies like us with respect to acquisitions, changes of control and the terms of transactions with our affiliates. State regulations may impede or impose burdensome conditions on our ability to increase or maintain rate levels or on other actions that we may want to take to enhance our operating results. In addition, we may incur significant costs in the course of complying with regulatory requirements. Further, various state legislatures have in the past considered offering a public alternative to the title industry in their states, as a means to increase state government revenues.

Table of Contents

Although we think this situation is unlikely, if one or more such takeovers were to occur they could adversely affect our business. We cannot be assured that future legislative or regulatory changes will not adversely affect our business operations. See "Item 1. Business — Regulation."

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

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

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

From time to time we receive inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies about various matters relating to our business. Sometimes these take the form of civil investigative demands or subpoenas. We cooperate with all such inquiries and we have responded to or are currently responding to inquiries from multiple governmental agencies. Also, regulators and courts have been dealing with issues arising from foreclosures and related processes and documentation. Various governmental entities are studying the title insurance product, market, pricing, and business practices, and potential regulatory and legislative changes, which may materially affect our business and operations. From time to time, we are assessed fines for violations of regulations or other matters or enter into settlements with such authorities which may require us to pay fines or claims or take other actions.

Because we are dependent upon California for approximately 17.2 percent of our title insurance premiums, our business may be adversely affected by regulatory conditions in California.

California is the largest source of revenue for the title insurance industry and, in 2012, California-based premiums accounted for 36.9% of premiums earned by our direct operations and 0.9% of our agency premium revenues. In the aggregate, California accounted for approximately 17.2% of our total title insurance premiums for 2012. A significant part of our revenues and profitability are therefore subject to our operations in California and to the prevailing regulatory conditions in California. Adverse regulatory developments in California, which could include reductions in the maximum rates permitted to be charged, inadequate rate increases or more fundamental changes in the design or implementation of the California title insurance regulatory framework, could have a material adverse effect on our results of operations and financial condition.

If the rating agencies downgrade our Company, our results of operations and competitive position in the title insurance industry may suffer.

Ratings have always been an important factor in establishing the competitive position of insurance companies. Our title insurance subsidiaries are rated by S&P, Moody's, A.M. Best, and Demotech. Ratings reflect the opinion of a rating agency with regard to an insurance company's or insurance holding company's financial strength, operating performance and ability to meet its obligations to policyholders and are not evaluations directed to investors. Our ratings are subject to continued periodic review by rating agencies and the continued retention of those ratings cannot be assured. If our ratings are reduced from their current levels by those entities, our results of operations could be adversely affected.

Our management has articulated a willingness to seek growth through acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus or geographic areas. This expansion of our business subjects us to associated risks, such as the diversion of management's attention and lack of experience in operating such businesses, and may affect our credit and ability to repay our debt.

Our management has stated that we may make acquisitions in lines of business that are not directly tied to or synergistic with our core operating segments. Accordingly, we have in the past acquired, and may in the future acquire, businesses in industries or geographic areas with which management is less familiar than we are with our core businesses. These activities involve risks that could adversely affect our operating results, such as diversion of management's attention and lack of substantial experience in operating such businesses. There can be no guarantee that we will not enter into transactions or make acquisitions that will cause us to incur additional debt, increase our

exposure to market and other risks and cause our credit or financial strength ratings to decline.
We are a holding company and depend on distributions from our subsidiaries for cash.
We are a holding company whose primary assets are the securities of our operating subsidiaries. Our ability to pay interest on our outstanding debt and our other obligations and to pay dividends is dependent on the ability of our subsidiaries to pay dividends or make other distributions or payments to us. If our operating subsidiaries are not able to pay dividends to us, we may not be able to meet our obligations or pay dividends on our common stock.
Our title insurance subsidiaries must comply with state laws which require them to maintain minimum amounts of working capital, surplus and reserves, and place restrictions on the amount of dividends that they can distribute to us. Compliance with

these laws will limit the amounts our regulated subsidiaries can dividend to us. During 2013, our title insurers may pay dividends or make distributions to us without prior regulatory approval of approximately $255.4 million.

The maximum dividend permitted by law is not necessarily indicative of an insurer’s actual ability to pay dividends, which may be constrained by business and regulatory considerations, such as the impact of dividends on surplus, which could affect an insurer’s ratings or competitive position, the amount of premiums that can be written and the ability to pay future dividends. Further, depending on business and regulatory conditions, we may in the future need to retain cash in our underwriters or even contribute cash to one or more of them in order to maintain their ratings or their statutory capital position. Such a requirement could be the result of investment losses, reserve charges, adverse operating conditions in the current economic environment or changes in interpretation of statutory accounting requirements by regulators.

We could have conflicts with Fidelity National Information Services ("FIS"), and our chairman of our Board of Directors and other officers and directors could have conflicts of interest due to their relationships with FIS.

FIS and FNF were under common ownership by another publicly traded company, also called Fidelity National Financial, Inc. (“Old FNF”) until October 2006, when Old FNF distributed all of its FNF shares to the stockholders of Old FNF (the "2006 Distribution"). In November 2006, Old FNF then merged into FIS.

Conflicts may arise between us and FIS as a result of our ongoing agreements and the nature of our respective businesses. Certain of our executive officers and directors could be subject to conflicts of interest with respect to such agreements and other matters due to their relationships with FIS.

Some of our executive officers and directors own substantial amounts of FIS stock and stock options. Such ownership could create or appear to create potential conflicts of interest when our directors and officers are faced with decisions that involve FIS or any of its subsidiaries.

William P. Foley, II, is the executive chairman of our Board of Directors and the Vice Chairman of the Board of FIS. As a result of these roles, he has obligations to us and FIS and may have conflicts of interest with respect to matters potentially or actually involving or affecting our and FIS’s respective businesses. In addition, Mr. Foley may also have conflicts of time with respect to his multiple responsibilities. If his duties to either of these companies require more time than Mr. Foley is able to allot, then his oversight of that company’s activities could be diminished. Finally, FIS and FNF have several other overlapping directors and officers.

Matters that could give rise to conflicts between us and FIS include, among other things:

- our ongoing and future relationships with FIS, including related party agreements and other arrangements with respect to the information technology support services, administrative corporate support and cost sharing services, indemnification, and other matters; and
- the quality and pricing of services that we have agreed to provide to FIS or that it has agreed to provide to us.

We seek to manage these potential conflicts through dispute resolution and other provisions of our agreements with FIS and through oversight by independent members of our Board of Directors. However, there can be no assurance that such measures will be effective or that we will be able to resolve all potential conflicts with FIS, or that the resolution of any such conflicts will be no less favorable to us than if we were dealing with a third party.

The loss of key personnel could negatively affect our financial results and impair our operating abilities.

Our success substantially depends on our ability to attract and retain key members of our senior management team and officers. If we lose one or more of these key employees, our operating results and in turn the value of our common stock could be materially adversely affected. Although we have employment agreements with many of our officers, there can be no assurance that the entire term of the employment agreement will be served or that the employment agreement will be renewed upon expiration.

Our operations could be adversely affected by the results of our acquired restaurant companies due to the risks inherent in that segment.

Our acquired restaurant companies face certain risks that could negatively impact their results of operations. These risks include such things as the risks of continued unfavorable economic conditions, changing consumer preferences, unfavorable publicity, increasing food and labor costs, effectiveness of marketing campaigns, and the ability to compete successfully with other restaurants. In addition, risks related to supply chain, food quality, and protecting guests' personal information are inherent to the restaurant business. These companies are also subject to compliance with extensive government laws and regulations related to the manufacture, preparation, and sale of food and alcohol. If our restaurant companies are not able to respond effectively to one or more of these risks, it could have a material adverse impact on the results of operations of those businesses.

Our business, financial condition and results of operations could be adversely affected by risks affecting Remy.

Any material adverse change in Remy's financial position or results of operations could adversely affect our financial position or results of operations. Remy's results are affected by factors such as general economic conditions, levels of demand for new

Table of Contents

light and commercial vehicles, fuel prices, the product life of new and replacement parts, product liability and warranty claims related to its products, litigation and other disputes, and changes in the cost and availability of raw materials and components utilized in the manufacturing of its products. In addition, Remy's results also are influenced by technological innovations, relationships with its key customers and their success in the marketplace, and Remy's ability to compete successfully with its competitors. If Remy is not able to respond effectively to one or more of these risks, it could have a material adverse impact on its results of operations, which, in turn, would adversely impact our financial condition and results of operations.

Given the international reach of its business, Remy is also subject to risks inherent in conducting business outside the United States, including foreign currency fluctuations, local political climates, export and import restrictions, and compliance with government laws and regulations such as the U.S. Foreign Corrupt Practices Act and the U.S. Export Administration Act. Any failure to manage these risks and requirements could harm Remy's business, financial condition or results of operations, which would similarly affect our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Fidelity National Title Group

Fidelity National Title Group's corporate headquarters are on our campus in Jacksonville, Florida. The majority of our branch offices are leased from third parties (see Note M to Notes to Consolidated Financial Statements). Our subsidiaries conduct their business operations primarily in leased office space in 43 states, Washington, DC, Puerto Rico, Canada, India and Mexico.

Remy

Remy's world headquarters is located in Pendleton, Indiana. The majority of Remy's facilities, including the world headquarters are leased from third parties (see Note M to Notes to Consolidated Financial Statements). Remy's subsidiaries conduct their business operations in 10 countries including the United States, Belgium, Hungary, the United Kingdom, Brazil, Canada, China, Mexico, South Korea and Tunisia.

Restaurant Group

The Restaurant Group's headquarters is located in Nashville, Tennessee with other office locations in Woburn, Massachusetts and Denver, Colorado. The majority of the restaurants are leased from third parties, and are located in 45 states.

Item 3. Legal Proceedings

In the ordinary course of business, we are involved in various pending and threatened litigation matters related to our title operations, some of which include claims for punitive or exemplary damages. This customary litigation includes but is not limited to a wide variety of cases arising out of or related to title and escrow claims, for which we make provisions through our loss reserves. Additionally, like other insurance companies, our ordinary course litigation includes a number of class action and purported class action lawsuits, which make allegations related to aspects of our insurance operations. We believe that no actions depart from customary litigation incidental to our insurance business.

Remy is a defendant from time to time in various legal proceedings arising in the ordinary course of business, including claims relating to commercial transactions, product liability, safety, health, taxes, environmental and other matters.

Our Restaurant Group companies are a defendant from time to time in various legal proceedings arising in the ordinary course of business, including claims relating to injury or wrongful death under “dram shop” laws that allow a person to sue us based on any injury caused by an intoxicated person who was wrongfully served alcoholic beverages at one of the restaurants; and claims from guests or employees alleging illness, injury or other food quality, health or operational concerns.

We review lawsuits and other legal and regulatory matters (collectively “legal proceedings”) on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings where it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts and which represents our best estimate has been recorded. None of the amounts we have currently recorded is considered to be individually or in the aggregate material to our financial condition. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending cases is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period if an unfavorable outcome results, at present we do not believe that the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

From time to time we receive inquiries and requests for information from state insurance departments, attorneys general and other regulatory agencies about various matters relating to our business. Sometimes these take the form of civil investigative demands or subpoenas. We cooperate with all such inquiries and we have responded to or are currently responding to inquiries

Table of Contents

from multiple governmental agencies. Also, regulators and courts have been dealing with issues arising from foreclosures and related processes and documentation. Various governmental entities are studying the title insurance product, market, pricing, and business practices, and potential regulatory and legislative changes, which may materially affect our business and operations. From time to time, we are assessed fines for violations of regulations or other matters or enter into settlements with such authorities that may require us to pay fines or claims or take other actions.

Item 4. Mine Safety Disclosure

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

	Stock Price High	Stock Price Low	Cash Dividends Declared
Year ended December 31, 2012			
First quarter	$18.54	$15.66	$0.14
Second quarter	19.70	17.62	0.14
Third quarter	21.48	18.07	0.14
Fourth quarter	24.30	20.71	0.16
Year ended December 31, 2011			
First quarter	$14.86	$13.07	$0.12
Second quarter	16.15	14.14	0.12
Third quarter	17.43	14.58	0.12
Fourth quarter	16.46	14.03	0.12

Table of Contents

PERFORMANCE GRAPH

Set forth below is a graph comparing cumulative total stockholder return on our common stock against the cumulative total return on the S & P 500 Index and against the cumulative total return of a peer group index consisting of certain companies in the primary industry in which we compete (SIC code 6361 — Title Insurance) for the period ending December 31, 2012. This peer group consists of the following companies: First American Financial Corporation and Stewart Information Services Corp. The peer group comparison has been weighted based on their stock market capitalization. The graph assumes an initial investment of $100.00 on December 31, 2007, with dividends reinvested over the periods indicated.

Comparison of 5 Year Cumulative Total Return
Among Fidelity National Financial, Inc., the S&P 500 Index
and Peer Group

	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Fidelity National Financial, Inc.	100.00	130.30	102.87	109.76	131.92	200.79
S&P 500	100.00	63.00	79.67	91.67	93.61	108.59
Peer Group	100.00	87.68	95.54	78.24	68.75	136.32

On January 31, 2013, the last reported sale price of our common stock on the New York Stock Exchange was $25.10 per share and we had approximately 5,158 stockholders of record.

On January 30, 2013, our Board of Directors formally declared a $0.16 per share cash dividend that is payable on March 29, 2013 to stockholders of record as of March 15, 2013.

Our current dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends will be at the discretion of our Board of Directors and will be dependent upon our future earnings, financial condition and capital requirements. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders. Our ability to declare dividends is subject to restrictions under our existing credit agreement. We do not believe the restrictions contained in our credit agreement will, in the foreseeable future, adversely affect our ability to pay cash dividends at the current dividend rate.

Since we are a holding company, our ability to pay dividends will depend largely on the ability of our subsidiaries to pay dividends to us, and the ability of our title insurance subsidiaries to do so is subject to, among other factors, their compliance with applicable insurance regulations. As of December 31, 2012, $1,997.1 million of our net assets are restricted from dividend payments without prior approval from the Departments of Insurance in the States where our title insurance subsidiaries are domiciled. During 2013, our directly owned title insurance subsidiaries can pay dividends or make distributions to us of approximately $255.4 million

Table of Contents

without prior approval. The limits placed on such subsidiaries' abilities to pay dividends affect our ability to pay dividends. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders.
On July 21, 2009, the Board of Directors approved a three-year stock repurchase program under which we can repurchase up to 15 million shares of our common stock through July 31, 2012. On January 27, 2011, our Board of Directors approved an additional 5 million shares that may be repurchased under the program. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2012, we repurchased a total of 1,150,000 shares for $21.7 million, or an average of $18.87 per share. This repurchase program expired July 31, 2012. In total, during the three-year tenure of the program, we repurchased a total of 16,528,512 shares for $243.4 million, or an average of $14.73 per share under this program.
On July 21, 2012, our Board of Directors approved a three-year stock repurchase program, effective August 1, 2012, under which we can repurchase up to 15 million shares of our common stock through July 31, 2015. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2012, we repurchased a total of 680,000 shares for $15.9 million, or an average of $23.38 per share under this program. Subsequent to year-end we repurchased a total of 80,000 shares for $2 million, or an average of $25.00 per share through market close on February 22, 2013. Since the original commencement of the plan adopted July 21, 2012, we have repurchased a total of 760,000 shares for $17.9 million, or an average of $23.55 per share, and there are 14,240,000 shares available to be repurchased under this program. For more information, see "Liquidity and Capital Resources" in Item 7 of this Form 10-K.
The following table summarizes repurchases of equity securities by FNF during the year ending December 31, 2012:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3) (4)
1/1/2012 - 1/31/2012	—	$—	—	4,621,488
2/1/2012 - 2/28/2012	—	—	—	4,621,488
3/1/2012 - 3/31/2012	—	—	—	4,621,488
4/1/2012 - 4/30/2012	—	—	—	4,621,488
5/1/2012 - 5/31/2012	—	—	—	4,621,488
6/1/2012 - 6/30/2012	135,000	19.05	135,000	4,486,488
7/1/2012 - 7/31/2012	1,015,000	18.83	1,015,000	—
8/1/2012 - 8/31/2012	—	—	—	15,000,000
9/1/2012 - 9/30/2012	—	—	—	15,000,000
10/1/2012 - 10/31/2012	—	—	—	15,000,000
11/1/2012 - 11/30/2012	280,000	23.28	280,000	14,720,000
12/1/2012 - 12/31/2012	400,000	23.47	400,000	14,320,000
	1,830,000	$21.16	1,830,000	

(1) On July 21, 2009, our Board of Directors approved a three-year stock repurchase program. Under the stock repurchase program, we could repurchase up to 15 million shares of our common stock. On January 27, 2011, our Board of Directors approved an increase of 5 million shares that may be repurchased under the program.
(2) On July 21, 2012, our Board of Directors approved a new three-year stock repurchase program, effective August 1, 2012. Under the stock repurchase program, we can repurchase up to 15 million shares of our common stock.
(3) The 2009 program expired on July 31, 2012.
(4) As of the last day of the applicable month.

21

Table of Contents

Item 6. Selected Financial Data

The information set forth below should be read in conjunction with the consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K. Certain reclassifications have been made to the prior year amounts to conform with the 2012 presentation.

During the third quarter of 2012, we acquired 1.5 million additional shares of Remy International, Inc. ("Remy"), increasing our ownership interest to 16.3 million shares or 51% of Remy's total outstanding common shares. As a result of this acquisition we began to consolidate the results of Remy effective August 14, 2012.

On April 9, 2012, we successfully closed a tender offer for the outstanding common stock of O'Charley's Inc. We have consolidated the results of O'Charley's as of April 9, 2012. On May 11, 2012, we merged O'Charley's with our investment in ABRH in exchange for an increase in our ownership position in ABRH from 45% to 55%. We have consolidated the operations of ABRH with the O'Charley's group of companies, beginning on May 11, 2012.

On December 22, 2008, we completed the acquisition of LandAmerica Financial Group's two principal title insurance underwriters, Commonwealth Land Title Insurance Company and Lawyers Title Insurance Corporation, as well as United Capital Title Insurance Company (collectively, the “LFG Underwriters”). For periods subsequent to December 22, 2008, the LFG Underwriters are included in our consolidated financial statements.

	Year Ended December 31,				
	2012	2011	2010	2009(1)	2008(2)
	(Dollars in millions, except share data)				
Operating Data:					
Revenue	$7,201.7	$4,839.6	$5,413.3	$5,521.3	$3,935.6
Expenses:					
Personnel costs	1,872.9	1,578.0	1,578.6	1,620.0	1,291.8
Agent commissions	1,599.4	1,410.8	1,758.7	1,951.7	1,218.0
Other operating expenses	1,303.6	1,083.0	1,145.5	1,228.1	1,062.1
Cost of auto parts revenue	349.5	—	—	—	—
Cost of restaurant revenues	774.2	—	—	—	—
Depreciation and amortization	105.0	73.5	86.7	105.0	117.3
Provision for title claim losses	279.3	222.3	248.9	264.7	491.0
Interest expense	74.4	57.2	46.2	36.7	58.2
	6,358.3	4,424.8	4,864.6	5,206.2	4,238.4
Earnings (loss) before income taxes, equity in earnings (loss) of unconsolidated affiliates, and noncontrolling interest	843.4	414.8	548.7	315.1	(302.8)
Income tax expense (benefit)	246.7	134.4	189.8	96.8	(128.1)
Earnings (loss) before equity in earnings (loss) of unconsolidated affiliates	596.7	280.4	358.9	218.3	(174.7)
Equity in earnings (loss) of unconsolidated affiliates	9.9	9.7	(1.2)	(11.7)	(13.4)
Earnings (loss) from continuing operations, net of tax	606.6	290.1	357.7	206.6	(188.1)
Earnings from discontinued operations, net of tax	5.1	89.0	17.9	17.9	4.9
Net earnings (loss)	611.7	379.1	375.6	224.5	(183.2)
Less: net earnings (loss) attributable to noncontrolling interests	5.2	9.6	5.5	2.2	(4.2)
Net earnings (loss) attributable to FNF common shareholders	$606.5	$369.5	$370.1	$222.3	$(179.0)

Table of Contents

	Year Ended December 31,				
	2012	2011	2010	2009(1)	2008(2)
	(Dollars in millions, except share data)				
Per Share Data (3):					
Basic net earnings (loss) per share attributable to FNF common shareholders	$2.74	$1.69	$1.64	$0.99	$(0.85)
Weighted average shares outstanding, basic basis (3)	221.2	219.0	226.2	224.7	210.0
Diluted net earnings (loss) per share attributable to FNF common shareholders	$2.68	$1.66	$1.61	$0.97	$(0.85)
Weighted average shares outstanding, diluted basis (3)	226.0	222.7	229.3	228.5	210.0
Dividends declared per share	$0.58	$0.48	$0.69	$0.60	$1.05
Balance Sheet Data:					
Investments (4)	$4,053.0	$4,051.7	$4,358.5	$4,685.4	$4,376.5
Cash and cash equivalents (5)	1,131.9	665.7	580.8	202.1	315.3
Total assets	9,902.6	7,862.1	7,887.5	7,934.4	8,368.2
Notes payable	1,343.9	915.8	952.0	861.9	1,350.8
Reserve for claim losses (6)	1,748.0	1,912.8	2,270.1	2,539.2	2,735.7
Equity	4,749.1	3,655.9	3,444.4	3,344.9	2,856.8
Book value per share (7)	$20.78	$16.57	$15.39	$14.53	$13.29
Other Data:					
Orders opened by direct title operations (in 000's)	2,702.0	2,140.1	2,385.3	2,611.4	1,860.4
Orders closed by direct title operations (in 000's)	1,866.5	1,514.2	1,574.3	1,792.0	1,121.2
Provision for title insurance claim losses as a percent of title insurance premiums (6)	7.0 %	6.8 %	6.8 %	5.1 %	18.2 %
Title related revenue (8):					
Percentage direct operations	62.1 %	61.0 %	55.6 %	54.2 %	59.4 %
Percentage agency operations	37.9 %	39.0 %	44.4 %	45.8 %	40.6 %

(1) Our financial results for the year ended December 31, 2009, include a decrease to our provision for claim losses of $74.4 million ($47.1 million net of income taxes) as a result of favorable claim loss development on prior policy years, offset by an increase to the provision for claim losses of $63.2 million ($40.0 million net of income taxes) as a result of unfavorable developments in the third quarter on a previously recorded insurance receivable.

(2) Our financial results for the year ended December 31, 2008, include a charge to our provision for claim losses of $261.6 million ($154.1 million net of income taxes), which we recorded as a result of adverse claim loss development on prior policy years.

(3) Weighted average shares outstanding as of December 31, 2009 includes 18,170,000 shares that were issued as part of an equity offering by FNF on April 20, 2009.

(4) Long-term investments as of December 31, 2012, 2011, 2010, 2009, and 2008, include securities pledged to secured trust deposits of $275.2 million, $274.2 million, $252.1 million, $288.7 million, and $382.6 million, respectively.

(5) Cash and cash equivalents as of December 31, 2012, 2011, 2010, 2009, and 2008 include cash pledged to secured trust deposits of $265.9 million, $161.3 million, $146.2 million, $96.8 million, and $109.6 million, respectively.

(6) As a result of favorable title insurance claim loss development on prior policy years, we recorded a credit in 2009 totaling $74.4 million, or $47.1 million net of income taxes, to our provision for claims losses. As a result of adverse title insurance claim loss development on prior policy years, we recorded charges in 2008 totaling

$261.6 million, or $154.1 million net of income taxes, to our provision for claim losses. These credits/charges were recorded in addition to our average provision for claim losses of 7.3% and 8.5% for the years ended December 31, 2009 and 2008, respectively.

(7) Book value per share is calculated as equity at December 31 of each year presented divided by actual shares outstanding at December 31 of each year presented.

(8) Includes title insurance premiums and escrow, title-related and other fees.

Table of Contents

Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Dollars in millions, except per share data)			
2012				
Revenue	$1,189.9	$1,736.9	$2,039.9	$2,235.0
Earnings from continuing operations before income taxes, equity in earnings of unconsolidated affiliates, and noncontrolling interest	105.6	223.0	300.7	214.1
Net earnings attributable to Fidelity National Financial, Inc. common shareholders	74.4	147.0	233.3	151.8
Basic earnings per share attributable to Fidelity National Financial, Inc. common shareholders	0.34	0.67	1.05	0.68
Diluted earnings per share attributable to Fidelity National Financial, Inc. common shareholders	0.33	0.65	1.03	0.66
Dividends paid per share	0.14	0.14	0.14	0.16
2011				
Revenue	$1,131.9	$1,233.7	$1,201.1	$1,272.9
Earnings from continuing operations before income taxes, equity in loss of unconsolidated affiliates, and noncontrolling interest	77.1	109.2	111.6	116.9
Net earnings attributable to Fidelity National Financial, Inc. common shareholders	42.5	80.0	74.3	172.7
Basic earnings per share attributable to Fidelity National Financial, Inc. common shareholders	0.19	0.36	0.34	0.80
Diluted earnings per share attributable to Fidelity National Financial, Inc. common shareholders	0.19	0.36	0.33	0.78
Dividends paid per share	0.12	0.12	0.12	0.12

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and Selected Financial Data included elsewhere in this Form 10-K.

Overview

We are a leading provider of title insurance, mortgage services and other diversified services. FNF is the nation's largest title insurance company through its title insurance underwriters - Fidelity National Title, Chicago Title, Commonwealth Land Title and Alamo Title - that collectively issue more title insurance policies than any other title company in the United States. We also hold a 55% ownership interest in American Blue Ribbon Holdings, LLC ("ABRH"), the owner and operator of the O'Charley's, Ninety Nine Restaurants, Max & Erma's, Village Inn, Bakers Square, and Stoney River Legendary Steaks concepts. We also recently acquired 100% of J. Alexander's LLC ("J. Alexander's"). In addition, we own a 51% ownership interest in Remy International, Inc. ("Remy"), a leading designer, manufacturer, remanufacturer, marketer and distributor of aftermarket and original equipment electrical components for automobiles, light trucks, heavy-duty trucks and other vehicles. FNF also owns a minority interest in Ceridian Corporation ("Ceridian"), a leading provider of global human capital management and payment solutions.

We currently have four reporting segments as follows:

- Fidelity National Title Group. This segment consists of the operations of our title insurance underwriters and related businesses. This segment provides core title insurance and escrow and other title related services including collection and trust activities, trustee’s sales guarantees, recordings and reconveyances, and home warranty insurance.
- Remy. This segment consists of the operations of Remy, in which we have a 51% ownership interest. Remy is a leading designer, manufacturer, remanufacturer, marketer and distributor of aftermarket and original equipment electrical components for automobiles, light trucks, heavy-duty trucks and other vehicles.
- Restaurant Group. The Restaurant Group segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH is the owner and operator of the O'Charley's, Ninety Nine Restaurants, Max & Erma's, Village Inn, Bakers Square, and Stoney River Legendary Steaks. This segment also includes the recently acquired J. Alexander's.
- Corporate and Other. The corporate and other segment consists of the operations of the parent holding company, certain other unallocated corporate overhead expenses, other smaller operations, and our share in the operations of certain equity investments, including Ceridian.

Recent Developments

On December 31, 2012, we acquired Digital Insurance, Inc. ("Digital Insurance"). Total consideration paid was $98.2 million in cash, net of cash acquired of $3.1 million. We consolidated the operations of Digital Insurance as of December 31, 2012. Digital Insurance is the nation's leading employee benefits platform specializing in health insurance distribution and benefits management for small and mid-sized businesses. See Note B of the Notes to Consolidated Financial Statements for further details on this transaction.

In September 2012, we successfully completed a tender offer for the outstanding common stock of J. Alexander's Corporation for $14.50 per share. Total consideration paid was $70.4 million in cash, net of cash acquired of $6.9 million. We have consolidated the operations of J. Alexander's beginning September 26, 2012. As of December 31, 2012, J. Alexander's operates 33 J. Alexander's restaurants in 13 states. Subsequent to year-end on February 25, 2013, we merged Stoney River Legendary Steaks into J. Alexander's. See Note B of the Notes to Consolidated Financial Statements for further details on this transaction.

During the third quarter of 2012, we acquired 1.5 million additional shares of Remy International, Inc. ("Remy"), increasing our ownership interest to 16.3 million shares or 51% of Remy's total outstanding common shares. As a result of this acquisition we began to consolidate the results of Remy effective August 14, 2012. We previously held a 47% ownership interest in Remy. Total consideration paid for the additional 1.5 million shares was $31.3 million and cash acquired upon consolidation of Remy was $95.5 million. Our 47% equity method investment prior to consolidation of $179.2 million was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheets. A realized gain of $78.8 million was recognized in 2012 for the difference between our basis in our equity method investment of Remy prior to consolidation and the fair value of our investment in Remy at August 14, 2012,

the date we acquired control and began to consolidate its operations. See Note B of the Notes to Consolidated Financial Statements for further details on this transaction.
On August 28, 2012, we completed an offering of $400.0 million in aggregate principal amount of 5.50% notes due September 2022 (the "5.50% notes"), pursuant to an effective registration statement previously filed with the Securities and Exchange Commission. The notes were priced at 99.513% of par to yield 5.564% annual interest. As such we recorded a discount of $1.9 million, which is netted against the $400.0 million aggregate principal amount of the 5.50% notes. The discount is amortized to September 2022 when the 5.50% notes mature. The 5.50% notes will pay interest semi-annually on the 1st of March and September,

Table of Contents

beginning March 1, 2013. We received net proceeds of $395.5 million, after expenses, which were used to repay the $236.5 million aggregate principal amount outstanding of our 5.25% unsecured notes maturing in March 2013, and the $50.0 million in prinicpal amount outstanding on our revolving credit facility, and the remainder is being held for general corporate purposes. See Note J of the Notes to Consolidated Financial Statements.

On September 28, 2012, we used $242.3 million of the net proceeds of the issuance of the 5.50% notes to fund the repayment of the $236.5 million aggregate principal amount outstanding of our 5.25% unsecured notes, including $0.6 million of unpaid interest and a $5.2 million make-whole call penalty, as the 5.25% unsecured notes had a stated maturity of March 2013. See Note J of the Notes to Consolidated Financial Statements.

On May 31, 2012, ABRH entered into a credit agreement (the “ABRH Credit Facility”) with Wells Fargo Capital Finance, LLC as administrative agent and swing lender (the “ABRH Administrative Lender”) and the other financial institutions party thereto. The ABRH Credit Facility provides for a maximum revolving loan of $80.0 million with a maturity date of May 31, 2017. Additionally, the ABRH Credit Facility provides for a maximum term loan ("Restaurant Group Term Loan") of $85.0 million with quarterly installment repayments through December 25, 2016 and a maturity date of May 31, 2017 for the outstanding unpaid principal balance and all accrued and unpaid interest. See Note J of the Notes to Consolidated Financial Statements.

On May 1, 2012, we completed the sale of an 85% interest in our remaining subsidiaries that write personal lines insurance to WT Holdings, Inc. for $119.0 million. Accordingly, the results of this business through the date of sale (which we refer to as our "at-risk" insurance business) for all periods presented are reflected in the Consolidated Statements of Earnings as discontinued operations. The at-risk insurance business sale resulted in a pre-tax loss of $15.1 million, which was recorded in the fourth quarter of 2011. See Note A of the Notes to Consolidated Financial Statements for further details on this transaction.

On April 16, 2012, we entered into an agreement to amend and extend our credit agreement dated September 12, 2006, as amended and restated as of March 5, 2010 (the “ Revolving Credit Facility”) with Bank of America, N.A. as administrative agent and swing line lender (the “Administrative Agent”), and the other financial institutions party thereto, and an agreement to change the aggregate size of the credit facility under the Revolving Credit Facility. These agreements reduced the total size of the credit facility from $925.0 million to $800.0 million, with an option to increase the size of the credit facility to $900.0 million, and established an extended maturity date of April 16, 2016. Pricing for the new agreement is based on an applicable margin between 132.5 basis points to 160.0 basis points over LIBOR, depending on the senior debt ratings of FNF. See Note J of the Notes to Consolidated Financial Statements.

On April 9, 2012, we successfully closed a tender offer for the outstanding common stock of O'Charley's Inc. ("O'Charley's"). We have consolidated the results of O'Charley's as of April 9, 2012. On May 11, 2012, we merged O'Charley's with our investment in ABRH in exchange for an increase in our ownership position in ABRH from 45% to 55%. As of December 31, 2012, there were 322 company-owned restaurants in the O'Charley's group of companies and 218 company-owned restaurants in the ABRH group of companies. Total consideration paid was $122.2 million in cash, net of cash acquired of $35.0 million. Our investment in ABRH prior to the merger, was $37.0 million and was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheet. Our investment in O'Charley's prior to the tender offer of $13.8 million was included in Equity securities available for sale on the Consolidated Balance Sheet. We have consolidated the operations of ABRH with the O'Charley's group of companies, beginning on May 11, 2012. See Note B of the Notes to Consolidated Financial Statements for further details on this transaction.

Related Party Transactions

Our financial statements reflect transactions with Fidelity National Information Services ("FIS"), which is a related party. See Note A of the Notes to Consolidated Financial Statements.

Business Trends and Conditions

Title insurance revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. The levels of real estate activity are primarily affected by the average price of real estate sales, the availability of funds to finance purchases and mortgage interest rates. Declines in the level of real estate activity or the average price of real estate sales will adversely affect our title insurance revenues.

We have found that residential real estate activity is generally dependent on the following:

- mortgage interest rates;
- the mortgage funding supply; and
- the strength of the United States economy, including employment levels.

In 2007, as interest rates on adjustable rate mortgages reset to higher rates, foreclosures on subprime mortgage loans increased to record levels. This resulted in a significant decrease in levels of available mortgage funding as investors became wary of the risks associated with investing in subprime mortgage loans. In addition, tighter lending standards and a bearish outlook on the real estate environment caused potential home buyers to become reluctant to purchase homes. In 2008, the increase in foreclosure activity, which had previously been limited to the subprime mortgage market, became more widespread as borrowers encountered difficulties in attempting to refinance their adjustable rate mortgages. In the last three years, the elevated mortgage delinquency and default rates caused negative operating results at a number of banks and financial institutions and, as a result, significantly reduced the level of lending activity. Multiple banks have failed over the past three years and others may fail in the future, further reducing the capacity of the mortgage industry to make loans.

Since December 2008, the Federal Reserve has held the federal funds rate at 0.0%-0.25%, and has indicated that rates will stay at this level at least through 2014. Mortgage interest rates remained at historically low levels throughout 2011 and continued to decrease throughout 2012.

According to the MBA, U.S. mortgage originations (including refinancings) were approximately $1.8 trillion, $1.3 trillion and $1.6 trillion in 2012, 2011 and 2010, respectively. The MBA’s Mortgage Finance Forecast currently estimates an approximately $1.4 trillion mortgage origination market for 2013, which would be a decrease of 22.2% from 2012. The MBA forecasts that the 22.2% decrease will result almost entirely from decreased refinance activity.

Several pieces of legislation were enacted to address the struggling mortgage market and the current economic and financial environment. On October 24, 2011, the Federal Housing Finance Agency announced a series of changes to the Home Affordable Refinance Program ("HARP") that would make it easier for certain borrowers who owe more than their home is worth and who are current on their mortgage payments to refinance their mortgages at lower interest rates. The new program reduces or eliminates the risk-based fees Fannie Mae and Freddie Mac charge on many loans, raises the loan-to-home value ratio requirement for refinancing, and streamlines the underwriting process. According to the Federal Housing Authority ("FHA"), lenders began taking refinancing applications on December 1, 2011 under the modified HARP. We believe that the modified HARP program has had a positive impact on the volume of our refinance orders during 2012. We are uncertain to what degree the modified HARP program may affect our results in the future.

On February 1, 2012, the Obama Administration announced new initiatives designed to increase refinancing of mortgages, reduce foreclosures and improve the housing market. Under these initiatives, among other things: (i) certain borrowers with loans insured by Fannie Mae or Freddie Mac ("GSEs" and such loans, "GSE loans") and certain borrowers with non-GSE loans, through a new FHA program, would be able to refinance their mortgages and take advantage of the currently low interest rates; (ii) the FHA will begin transitioning foreclosed properties in the nation's hardest-hit cities into rental housing units; (iii) GSEs and major banks have begun offering one year of forbearance (up from three months) to certain unemployed borrowers; and (iv) the Home Affordable Modification Program ("HAMP") was extended through 2013, including easing the eligibility requirements and increasing the financial incentives for banks to participate. As indicated, the Obama Administration has already begun implementing these initiatives, except for the refinancing initiatives. The GSEs have not started the refinancing program. The Obama Administration is looking to Congress to pass legislation to implement a refinancing program for non-GSE loans. We are uncertain to what degree these initiatives may affect our results in the future.

During 2010, a number of lenders imposed freezes on foreclosures in some or all states as they reviewed their foreclosure practices. In response to these freezes, the Office of the Comptroller of the Currency ("OCC") is concurrently reviewing the foreclosure practices in the residential mortgage loan servicing industry. On April 13, 2011, the OCC and other federal regulators announced formal consent orders against several national bank mortgage servicers and third-party servicer providers for inappropriate practices related to residential mortgage loan servicing and foreclosure processing. The consent orders require the servicers to promptly correct deficiencies and make improvements in practices for residential mortgage loan servicing and foreclosure processing, including improvements to future communications with borrowers and a comprehensive "look back" to assess whether foreclosures complied with federal and state laws and whether any deficiencies in the process or related documentation resulted in financial injury to borrowers. We are not involved in these enforcement actions and we do not believe that we are exposed to significant losses resulting from faulty foreclosure practices. Our title insurance underwriters issue title policies on real estate owned properties to new purchasers and lenders to those purchasers. We believe that these policies will not result in significant additional claims exposure to us because even if a court sets aside a foreclosure due to a defect in documentation, the foreclosing lender would be required to return to our insureds all funds obtained from them, resulting in reduced exposure under the title insurance policy. Further, we believe that under current law and the rights we have under our policies, we would have the right to seek recovery from the foreclosing lender in the event of a failure to comply with state laws or local practices in connection with a foreclosure. Many states continue to evaluate foreclosure practices and related legislation may change in the future. The consent orders imposed by the federal regulators have continued to delay lender foreclosure completions. In January 2012, ten large mortgage servicers concluded the reviews required by the 2011 consent orders and agreed to monetary settlements.

On February 9, 2012, federal officials, state attorneys general and representatives of Bank of America, JP Morgan Chase, Wells Fargo, Citigroup and Ally Financial agreed to a $25 billion settlement of federal and state investigations into the foreclosure practices of banks and other mortgage servicers from September 2008 to December 2011. Under the settlement, approximately 1,000,000 underwater borrowers will have their mortgages reduced by lenders and 300,000 homeowners will be able to refinance their homes at lower interest rates. We are uncertain to what degree these initiatives have affected our results or may affect our results in the future.

Table of Contents

In addition to state-level regulation, segments of our title insurance business are subject to regulation by federal agencies, including the newly formed Consumer Financial Protection Bureau ("CFPB"). The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 established the CFPB, and in January 2012, President Obama appointed its first director. The CFPB has been given broad authority to regulate, among other areas, the mortgage and real estate markets in matters pertaining to consumers. This authority includes the enforcement of the Real Estate Settlement Procedures Act formerly placed with the Department of Housing and Urban Development. On July 9, 2012, the CFPB introduced a number of proposed rules related to the enforcement of the Real Estate Settlement Procedures Act and the Truth in Lending Act, including, among others, measures designed to (i) simplify financing documentation and (ii) require lenders to deliver to consumers a statement of final financing charges (and the related annual percentage rate) at least three business days prior to the closing. A final version of these rules is expected to be published in 2013. We cannot be certain what impact, if any, the final rules, or the CFPB generally, will have on our title insurance business.

Historically, real estate transactions have produced seasonal revenue levels for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter has been typically the strongest in terms of revenue primarily due to a higher volume of home sales in the summer months and the fourth quarter is usually also strong due to commercial entities desiring to complete transactions by year-end. From 2008 - 2011, we have seen a divergence from these historical trends with orders being negatively affected by a reduction in the availability of financing, rising default levels, and falling home values causing an overall downward trend in home sales. In addition we have noted short term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates and the implementation and subsequent expiration of government programs designed to stimulate the real estate market. During 2012 we experienced an increase in existing home sales to the highest volume levels since 2007. We have also seen a decline in total housing inventory to the lowest levels since 2005.

Because commercial real estate transactions tend to be driven more by supply and demand for commercial space and occupancy rates in a particular area rather than by macroeconomic events, we believe that our commercial real estate title insurance business is less dependent on the industry cycles discussed above than our residential real estate title business. However, from 2007 to 2009 we experienced a significant decrease in our average commercial fee per file and a decrease in the number of closings of larger deals due to difficulties or delays in obtaining financing. During 2010 and through 2012, we have experienced an increase in fee per file and in the volume of commercial transactions, which indicates an improvement in commercial markets.

Remy

Remy manufactures and sells auto parts, principally starter motors and alternators, as well as hybrid electric motors, for sale to original equipment manufacturers (OEM) and aftermarket customers. Remy manufactures products for automobiles as well as light and heavy duty commercial vehicles. The OEM market for auto parts is dependent on levels of new vehicle production, which in turn, is affected by the overall economy, consumer confidence, discounts and incentives offered by automakers and the availability of funds to finance purchases.

In its aftermarket operations, Remy's results are affected by the strength of the economy and by gas prices, but do not follow the same cycles as original equipment market sales. In a weaker economy, drivers tend to keep their vehicles and repair them rather than buying new vehicles. Lower gas prices have historically tended to result in more miles driven, which increases the frequency with which auto repairs are needed. Nevertheless, a weak economy also may reduce miles driven. Over the long term, improvements in the durability of original equipment and aftermarket parts has reduced, and is expected to further reduce, the number of units sold in the aftermarket. Aftermarket revenues are also affected by other factors, including severe weather (which tends to lead to increased sales) and competitive pressures. Many parts retailers and warehouse distributors purchase starters and alternators from only one or two suppliers, under contracts that run for five years or less. When contracts are up for renewal, competitors tend to bid very aggressively to replace the incumbent supplier, although the cost of switching from the incumbent tends to mitigate this competition.

Restaurant Group

The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. The restaurant industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The three most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for almost 45 percent of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

Table of Contents

Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.
In 2010, the Patient Protection and Affordable Care Act ("Affordable Care Act") was passed and becomes effective in 2014. We are continuing to assess the impact of the Affordable Care Act on our health care benefit costs. The imposition of any requirement that we provide health insurance benefits to employees that are more extensive than the health insurance benefits we currently provide, or the imposition of additional employer paid employment taxes on income earned by our employees, could have a material adverse effect on our results of operations in the future. The Affordable Care Act is likely to similarly affect the restaurant industry in general. Additionally, our Restaurant Group and suppliers may also be affected by higher minimum wage and benefit standards, which could result in higher costs for goods and services supplied to us.
Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

Critical Accounting Estimates

The accounting estimates described below are those we consider critical in preparing our Consolidated Financial Statements. Management is required to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures with respect to contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. See Note A of Notes to the Consolidated Financial Statements for additional description of the significant accounting policies that have been followed in preparing our Consolidated Financial Statements.
Reserve for Title Claim Losses. Title companies issue two types of policies, owner's and lender's policies, since both the new owner and the lender in real estate transactions want to know that their interest in the property is insured against certain title defects outlined in the policy. An owner's policy insures the buyer against such defects for as long as he or she owns the property (as well as against warranty claims arising out of the sale of the property by such owner). A lender's policy insures the priority of the lender's security interest over the claims that other parties may have in the property. The maximum amount of liability under a title insurance policy is generally the face amount of the policy plus the cost of defending the insured's title against an adverse claim, however, occasionally we do incur losses in excess of policy limits. While most non-title forms of insurance, including property and casualty, provide for the assumption of risk of loss arising out of unforeseen future events, title insurance serves to protect the policyholder from risk of loss for events that predate the issuance of the policy.
Unlike many other forms of insurance, title insurance requires only a one-time premium for continuous coverage until another policy is warranted due to changes in property circumstances arising from refinance, resale, additional liens, or other events. Unless we issue the subsequent policy, we receive no notice that our exposure under our policy has ended and, as a result, we are unable to track the actual terminations of our exposures.
Our reserve for title claim losses includes reserves for known claims as well as for losses that have been incurred but not yet reported to us (“IBNR”), net of recoupments. We reserve for each known claim based on our review of the estimated amount of the claim and the costs required to settle the claim. Reserves for IBNR claims are estimates that are established at the time the premium revenue is recognized and are based upon historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations, and the types of policies written. We also reserve for losses arising from escrow, closing and disbursement functions due to fraud or operational error.
The table below summarizes our reserves for known claims and incurred but not reported claims related to title insurance:

	As of December 31, 2012	%		As of December 31, 2011	%	
	(in millions)					
Known claims	$286.2	16.4	%	$334.0	17.5	%
IBNR	1,461.8	83.6		1,578.8	82.5	

Total Reserve for Title Claim Losses	$1,748.0	100.0 %	$1,912.8	100.0 %

Although claims against title insurance policies can be reported relatively soon after the policy has been issued, claims may be reported many years later. Historically, approximately 60% of claims are paid within approximately five years of the policy being written. By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions, as well as the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors.

Table of Contents

Our process for recording our reserves for claim losses begins with analysis of our loss provision rate. We forecast ultimate losses for each policy year based upon historical policy year loss emergence (development) patterns and adjust these to reflect policy year and policy type differences which affect the timing, frequency and severity of claims. We also use a technique that relies on historical loss emergence and on a premium-based exposure measurement. The latter technique is particularly applicable to the most recent policy years, which have few reported claims relative to an expected ultimate claim volume. After considering historical claim losses, reporting patterns and current market information, and analyzing quantitative and qualitative data provided by our legal, claims and underwriting departments, we determine a loss provision rate, which is recorded as a percentage of current title premiums. This loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. Any significant adjustments to strengthen or release loss reserves resulting from the comparison with our actuarial analysis are made in addition to this loss provision rate. We have been recording our periodic loss provision rate at 7.0% of title premiums in 2012 and 6.8% of title premiums in 2011 and 2010. Of such amounts, 5.5%, 5.8%, and 6.0% related to losses on policies written in the current year, and the remainder relates to developments on prior year policies. In 2012, adverse development of $57.5 million or 1.5% of 2012 premiums was accounted for in the loss provision rate. At each quarter-end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision and subtracting actual paid claims, resulting in an amount that management then compares to the range of reasonable estimates provided by the actuarial calculation.

Due to the uncertainty inherent in the process and due to the judgment used by both management and our actuary, our ultimate liability may be greater or less than our carried reserves. If the recorded amount is within the actuarial range but not at the central estimate, we assess the position within the actuarial range by analysis of other factors in order to determine that the recorded amount is our best estimate. These factors, which are more qualitative than quantitative, can change from period to period, and include items such as current trends in the real estate industry (which we can assess, but for which there is a time lag in the development of the data used by our actuary), any adjustments from the actuarial estimates needed for the effects of unusually large or small claims, improvements in our claims management processes, and other cost-saving measures. If the recorded amount is not within a reasonable range of our actuary's central estimate, we may have to record a charge or credit and reassess the loss provision rate on a go-forward basis. We will continue to reassess the provision to be recorded in future periods consistent with this methodology.

The table below presents our title insurance loss development experience for the past three years:

	2012	2011	2010
	(In millions)		
Beginning balance	$1,912.8	$2,210.9	$2,488.8
Claims loss provision related to:			
Current year	211.0	188.7	218.5
Prior years	57.5	33.6	30.4
Total title claims loss provision (1)	268.5	222.3	248.9
Claims paid, net of recoupments related to:			
Current year	(4.0)	(9.9)	(5.7)
Prior years	(429.3)	(510.5)	(521.1)
Total title claims paid, net of recoupments	(433.3)	(520.4)	(526.8)
Ending balance	$1,748.0	$1,912.8	$2,210.9
Title premiums	$3,836.5	$3,261.1	$3,641.2

(1) Included in the provision for title claim losses in the 2012 period is a $10.8 million impairment recorded on an asset previously recouped as part of a claim settlement.

	2012	2011	2010
Provision for claim losses as a percentage of title insurance premiums:			
Current year	5.5%	5.8%	6.0%

Prior years	1.5		1.0		0.8	
Total provision	7.0	%	6.8	%	6.8	%

30

Table of Contents

Actual claims payments are made up of loss payments and claims management expenses offset by recoupments and were as follows (in millions):

	Loss Payments	Claims Management Expenses	Recoupments	Net Loss Payments
Year ending December 31, 2012	$344.5	$182.0	$(93.2)	$433.3
Year ending December 31, 2011	361.4	215.4	(56.4)	520.4

As of December 31, 2012, the recorded reserve for title insurance claims losses was $1.7 billion, which was approximately $0.05 billion below the central estimate provided by our actuary, but within the provided actuarial range of $1.6 billion to $1.9 billion. We believe that our recorded reserves are reasonable and represent our best estimate. In reaching this conclusion, we considered the following qualitative factors.

As noted above, our recorded reserves were below the mid-point of the range of our actuarial estimates as of December 31, 2012. Management is comfortable with our recorded position as we have seen significant positive developments in 2012 and 2011 in claims management expenses as a percentage of our total net losses. Claims management expenses have decreased due to management initiatives related to use of outside counsel and their fees and additional use of internal counsel in handling claims matters. These developments are not yet fully reflected in our actuarial analysis. This has been somewhat offset because the actual claim loss payments were greater than the claims projected to be paid in the model utilized by our actuary. Overall, net loss payments primarily related to the high volume policy years in the mid-2000's, particularly the 2005-2008 policy years. We believe that this development related to the fact that these policy years have higher loss ratios and that the reporting of these claims has been accelerated. The reasons for higher loss payments and payment acceleration are as follows:

- Historical high prices for real estate (thus higher policy limits as compared to premiums earned)
- Increased volume of real estate transactions increased likelihood of errors in the examination and closing process
- Increased values and volumes of real estate transactions and weaker loan underwriting standards increased the likelihood of fraudulent transactions
- Subsequent declines in home equity values resulted in lender losses that would not have been losses had home equity been maintained
- Increased foreclosures resulted in higher litigation costs and acceleration in reporting of claims
- Increased exposure to mechanic lien claims from failures of builders and developers

Some traditional actuarial methods, such as paid loss development, are particularly sensitive to distortions in payment activity. We believe that the high level of foreclosure activity over the past three years is accelerating the reporting of claims, particularly lender claims, thereby increasing paid losses and expenses. As a result, a paid loss development approach may temporarily overstate ultimate cost projections. We believe that losses and expenses related to this accelerated claims activity, specifically losses relating to lender policies, will have a shorter duration and that expected payments relating to these policy years will eventually return to or perhaps even drop below historical levels. We have also seen positive development relating to the 2009 through 2012 policy years, which we believe is indicative of more stringent underwriting standards by us and the lending industry. In addition we have seen significant positive development in residential owners policies due to increased payments on residential lenders policies which inherently limit the potential loss on the related owners policy to the differential in coverage amount between the amount insured under the owner's policy and the amount paid under the residential lender's policy. Also, any residential lender policy claim paid relating to a property that is in foreclosure negates any potential loss under an owner's policy previously issued on the property as the owner has no equity in the property. Along with the positive development on claims management expenses, our ending open claim inventory also decreased from approximately 33,000 claims at December 31, 2011 to approximately 30,000 claims at December 31, 2012. If actual claims loss development is worse than currently expected and is not offset by other positive factors, such as continued improvement in claims management expenses and the other factors mentioned above, it is reasonably possible that our recorded reserves may fall outside a reasonable range of our actuary's central estimate, which may require additional reserve strengthening in future periods.

As of December 31, 2011 and 2010, our recorded reserves were $1.9 billion and $2.2 billion, which we determined was reasonable and represented our best estimate and these recorded amounts were within a reasonable range of the central estimates provided by our actuaries.

An approximate $38.4 million increase (decrease) in our annualized provision for title claim losses would occur if our loss provision rate were 1% higher (lower), based on 2012 title premiums of $3,836.5 million. A 10% increase (decrease) in the reserve for title claim losses would result in an increase (decrease) in our provision for title claim losses of approximately $174.8 million.

Valuation of Investments. We regularly review our investment portfolio for factors that may indicate that a decline in fair value of an investment is other-than-temporary. Some factors considered in evaluating whether or not a decline in fair value is

Table of Contents

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

The fair value hierarchy established by the standard on fair value includes three levels, which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

In accordance with the standard on fair value, our financial assets and liabilities that are recorded in the Consolidated Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on model inputs that are unobservable.

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011, respectively:

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Fixed-maturity securities available for sale	$—	$3,139.8	$—	$3,139.8
Equity securities available for sale	137.6	—	—	137.6
Preferred stock available for sale	108.8	108.1	—	216.9
Other long-term investments	—	—	40.8	40.8
Foreign exchange contracts	—	5.3	—	5.3
Total assets	$246.4	$3,253.2	$40.8	$3,540.4
Liabilities:				
Interest rate swap contracts	$—	$2.2	$—	$2.2
Commodity contracts	—	1.6	—	1.6
Total liabilities	$—	$3.8	$—	$3.8

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Fixed-maturity securities available for sale	$—	$3,457.0	$—	$3,457.0
Equity securities available for sale	105.7	—	—	105.7

Preferred stock available for sale	14.2	71.4	—	85.6
Other long-term investments	—	—	40.8	40.8
Total	$119.9	$3,528.4	$40.8	$3,689.1

Table of Contents

Our Level 2 fair value measures for fixed-maturities available for sale are provided by third-party pricing services. We utilize one firm for our taxable bond and preferred stock portfolio and another for our tax-exempt bond portfolio. These pricing services are leading global providers of financial market data, analytics and related services to financial institutions. We rely on one price for each instrument to determine the carrying amount of the assets on our balance sheet. The inputs utilized in these pricing methodologies include observable measures such as benchmark yields, reported trades, broker dealer quotes, issuer spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications. We review the pricing methodologies for all of our Level 2 securities by obtaining an understanding of the valuation models and assumptions used by the third-party as well as independently comparing the resulting prices to other publicly available measures of fair value and internally developed models. The pricing methodologies used by the relevant third party pricing services are:

U.S. government and agencies: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers.

State and political subdivisions: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers. Factors considered include relevant trade information, dealer quotes and other relevant market data.

Corporate debt securities: These securities are valued based on dealer quotes and related market trading activity. Factors considered include the bond's yield, its terms and conditions, or any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news.

Foreign government bonds: These securities are valued based on a discounted cash flow model incorporating observable market inputs such as available broker quotes and yields of comparable securities.

Mortgage-backed/asset-backed securities: These securities are comprised of commercial mortgage-backed securities, agency mortgage-backed securities, collaterized mortgage obligations, and asset-backed securities. They are valued based on available trade information, dealer quotes, cash flows, relevant indices and market data for similar assets in active markets.

Preferred stock: Preferred stocks are valued by calculating the appropriate spread over a comparable US Treasury security. Inputs include benchmark quotes and other relevant market data.

Our Level 2 fair value measures for our interest rate swap, foreign exchange contracts, and commodity contracts are valued using the income approach. This approach uses techniques to convert future amounts to a single present value amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

Our Level 3 investments consist of structured notes that were purchased in the third quarter of 2009. The structured notes had a par value of $37.5 million and fair value of $40.8 million at December 31, 2012 and December 31, 2011. The structured notes are held for general investment purposes and represent one percent of our total investment portfolio. The structured notes are classified as Other long-term investments and are measured in their entirety at fair value with changes in fair value recognized in earnings. The fair value of these instruments are the product of a proprietary valuation model utilized by the trading desk of the broker-dealer and contain assumptions relating to volatility, the level of interest rates, and the underlying value of the indexes, exchange-traded funds, and foreign currencies. We review the pricing methodologies for our Level 3 investments to ensure that they are reasonable and believe they represent an exit price as of December 31, 2012.

During 2012 and 2011, we incurred impairment charges relating to investments that were determined to be other-than-temporarily impaired, which resulted in impairment charges of $2.7 million and $17.1 million, respectively. Impairment charges in 2012 and in 2011 related to fixed maturity securities primarily related to our conclusion that the credit risk of these holdings was high and the ability of the issuer to pay the full amount of the principal outstanding was unlikely. During 2010, we incurred no impairment charges relating to investments that were determined to be other-than-temporarily impaired.

33

Table of Contents

Included in our Investments as of December 31, 2012 are various holdings in Foreign securities, including several European countries' instruments as follows:

	Carrying Value	Book Value	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)				
Available for sale securities:					
Australia	$41.4	$39.7	$1.7	$—	$41.4
Belgium	15.2	14.7	0.5	—	15.2
Canada	77.8	76.1	2.3	(0.6)	77.8
Germany	13.4	13.1	0.3	—	13.4
Ireland	30.2	30.0	0.2	—	30.2
Japan	17.1	16.8	0.3	—	17.1
Luxembourg	23.5	23.7	0.1	(0.3)	23.5
Netherlands	8.3	8.1	0.2	—	8.3
Spain	15.1	14.6	0.5	—	15.1
Switzerland	21.4	20.9	0.5	—	21.4
United Kingdom	63.5	60.5	3.0	—	63.5
Other long-term investments:			—		
France	25.9	25.9	—	—	25.9
United Kingdom	14.9	14.9	—	—	14.9
Total	$367.7	$359.0	$9.6	$(0.9)	$367.7

We have reviewed all of these securities as of December 31, 2012 and do not believe that there is a risk of credit loss as these securities are in a gross unrealized gain position of $9.6 million and a gross unrealized loss position of $0.9 million. We held no European sovereign debt at December 31, 2012.

Goodwill. We have made acquisitions in the past that have resulted in a significant amount of goodwill. As of December 31, 2012 and 2011, goodwill aggregated $1,908.5 million and $1,452.2 million, respectively. The majority of our goodwill as of December 31, 2012 and 2011 relates to goodwill recorded in connection with the Chicago Title merger in 2000. In evaluating the recoverability of goodwill, we perform a qualitative analysis to determine whether it is more likely than not that our fair value exceeds our carrying value. Based on the results of this analysis, an annual goodwill impairment test may be completed based on an analysis of the discounted future cash flows generated by the underlying assets. The process of determining whether or not goodwill is impaired or recoverable relies on projections of future cash flows, operating results and market conditions. Future cash flow estimates are based partly on projections of market conditions such as the volume and mix of refinance and purchase transactions and interest rates, which are beyond our control and are likely to fluctuate. While we believe that our estimates of future cash flows are reasonable, these estimates are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ from what is assumed in our impairment tests. Such analyses are particularly sensitive to changes in estimates of future cash flows and discount rates. Changes to these estimates might result in material changes in fair value and determination of the recoverability of goodwill, which may result in charges against earnings and a reduction in the carrying value of our goodwill in the future.We have completed our annual goodwill impairment analysis in each of the past three years and as a result, no impairment charges were recorded to goodwill in 2012, 2011, or 2010. As of December 31, 2012, we have determined that we have a fair value which substantially exceeds our carrying value.

Other Intangible Assets. We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts and trademarks which are generally recorded in connection with acquisitions at their fair value, and debt issuance costs relating to the issuance of our long-term notes payable. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives using an accelerated method which

takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their contractual life. Trademarks are considered intangible assets with indefinite lives and are reviewed for impairment at least annually. Debt issuance costs are amortized on a straight line basis over the contractual life of the related debt instrument.
In our Remy segment, upon entering into new or extending existing contracts, we may be required to purchase certain cores and inventory from our customers at retail prices, or be obligated to provide certain agreed support. The excess of the prices paid

for the cores and inventory over fair value, and the value of any agreed support, are recorded as contract intangibles and amortized as a reduction to auto parts revenue on a method to reflect the pattern of economic benefit consumed. Customer contract intangibles which are not paid to customers, are amortized and recorded in cost of auto parts revenue.

We recorded no impairment expense related to other intangible assets in 2012, 2011, or 2010.

Revenue Recognition. Our direct title insurance premiums and escrow, title-related and other fees are recognized as revenue at the time of closing of the related transaction as the earnings process is then considered complete, whereas premium revenues from agency operations and agency commissions include an accrual based on estimates using historical information of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent. Historically, the time lag between the closing of these transactions by our agents and the reporting of these policies, or premiums, to us has been up to 15 months, with 70-80% reported within three months following closing, an additional 10-20% reported within the next three months and the remainder within seven to fifteen months. In addition to accruing these earned but unreported agency premiums, we also accrue agent commission expense, which was 76.1%, 77.1% and 78.6% of agent premiums earned in 2012, 2011 and 2010, respectively. We also record provision for claim losses at our average provision rate at the time we record the accrual for the premiums, which was 7.0% for 2012 and 6.8% for 2011 and 2010, and accruals for premium taxes and other expenses relating to our premium accrual. The resulting impact to pretax earnings in any period is less than 10% of the accrued premium amount. The impact of the change in the accrual for agency premiums and related expenses for the years ended December 31, 2012, 2011 and 2010 on our pretax earnings was an (decrease) increase of $(0.2) million, $7.8 million and $10.7 million, respectively. The amount due from our agents relating to this accrual, i.e. the agent premium less their contractual retained commission, was approximately $90.7 million and $91.3 million at December 31, 2012 and 2011, respectively, which represents agency premiums of approximately $438.2 million and $441.2 million at December 31, 2012 and 2011, respectively, and agent commissions of $347.5 million and $349.9 million at December 31, 2012 and 2011, respectively. We may have changes in our accrual for agency revenue in the future if additional relevant information becomes available.

Accounting for Income Taxes. As part of the process of preparing the consolidated financial statements, we are required to determine income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax expense together with assessing temporary differences resulting from differing recognition of items for income tax and accounting purposes. These differences result in deferred income tax assets and liabilities, which are included within the Consolidated Balance Sheets. We must then assess the likelihood that deferred income tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must reflect this increase as an expense within Income tax expense in the Consolidated Statement of Earnings. Determination of income tax expense requires estimates and can involve complex issues that may require an extended period to resolve. Further, the estimated level of annual pre-tax income can cause the overall effective income tax rate to vary from period to period. We believe that our tax positions comply with applicable tax law and that we adequately provide for any known tax contingencies. We believe the estimates and assumptions used to support our evaluation of tax benefit realization are reasonable. However, final determination of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different than estimates reflected in assets and liabilities and historical income tax provisions. The outcome of these final determinations could have a material effect on our income tax provision, net income or cash flows in the period that determination is made.

Certain Factors Affecting Comparability

Year ended December 31, 2012. During the third quarter of 2012, we acquired 51% of Remy's total outstanding common shares, as a result of this acquisition we began to consolidate the results of Remy effective August 14, 2012. On April 9, 2012, we successfully closed a tender offer for the outstanding common stock of O'Charley's; we have consolidated the results of O'Charley's as of April 9, 2012. On May 11, 2012, we merged O'Charley's with our investment in ABRH in exchange for an increase in our ownership position in ABRH from 45% to 55%. We have consolidated the results of ABRH as of May 11, 2012.

35

Table of Contents

Results of Operations

Consolidated Results of Operations

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

	Year Ended December 31,		
	2012	2011	2010
	(Dollars in millions)		
Revenue:			
Direct title insurance premiums	$1,736.0	$1,431.5	$1,404.5
Agency title insurance premiums	2,100.5	1,829.6	2,236.7
Escrow, title-related and other fees	1,707.6	1,429.1	1,401.4
Auto parts revenue	417.5	—	—
Restaurant revenue	909.3	—	—
Interest and investment income	143.9	142.7	135.0
Realized gains and losses, net	186.9	6.7	235.7
Total revenue	7,201.7	4,839.6	5,413.3
Expenses:			
Personnel costs	1,872.9	1,578.0	1,578.6
Agent commissions	1,599.4	1,410.8	1,758.7
Other operating expenses	1,303.6	1,083.0	1,145.5
Cost of auto parts revenue	349.5	—	—
Cost of restaurant revenue	774.2	—	—
Depreciation and amortization	105.0	73.5	86.7
Provision for title claim losses	279.3	222.3	248.9
Interest expense	74.4	57.2	46.2
Total expenses	6,358.3	4,424.8	4,864.6
Earnings from continuing operations before income taxes and equity in earnings (loss) of unconsolidated affiliates	843.4	414.8	548.7
Income tax expense	246.7	134.4	189.8
Equity in earnings (loss) of unconsolidated affiliates	9.9	9.7	(1.2)
Net earnings from continuing operations	$606.6	$290.1	$357.7
Orders opened by direct title operations (in 000's)	2,702.0	2,140.1	2,385.3
Orders closed by direct title operations (in 000's)	1,866.5	1,514.2	1,574.3

Revenues.

Total revenue in 2012 increased $2,362.1 million compared to 2011, reflecting an increase in both the Fidelity National Title Group and the Corporate and other segments, as well as the addition of the Remy and Restaurant group segments. Total revenue in 2011 decreased $573.7 million compared to 2010, reflecting a decrease in both the Fidelity National Title Group segment and the Corporate and other segment.

Escrow, title-related and other fees increased $278.5 million, or 19.5%, in 2012 compared to 2011, consisting of an increase of $266.8 million in the Fidelity National Title Group segment and $11.7 million in the Corporate and other segment. Escrow, title-related and other fees increased $27.7 million, or 2.0% in 2011 compared to 2010, consisting of an increase of $38.9 million in the Fidelity National Title Group segment offset by a decrease of $11.2 million in the Corporate and other segment.

Restaurant revenue includes the consolidated results of operations of ABRH and J. Alexanders. Auto parts revenue includes the consolidated results of operations of Remy.

The change in revenue from operations is discussed in further detail at the segment level below.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income was $143.9 million, $142.7 million, and $135.0 million for the years ended December 31, 2012, 2011, and 2010, respectively. The increase in 2011 as compared to 2010 is due to an overall increase in the fixed maturity security portfolio book value during 2011 as well as dividend income received on our preferred stock which was not held during 2010. Effective return on average invested assets, excluding realized gains and losses, was 4.4%, 4.3%, and 4.0% for the years ended December 31, 2012, 2011, and 2010, respectively.

Table of Contents

Net realized gains and losses totaled $186.9 million, $6.7 million, and $235.7 million for the years ended December 31, 2012, 2011, and 2010, respectively. The net realized gain for the year ended December 31, 2012 includes a $72.5 million gain on the consolidation of ABRH and O'Charley's, a $48.1 million bargain purchase gain on the acquisition of O'Charley's, a $78.8 million gain on the consolidation of Remy, and $14.4 million in net gains from the sale of other various investments and assets, offset by a $5.9 million impairment on land held at our majority-owned affiliate Cascade Timberlands, a $5.7 million loss on the early extinguishment of our 5.25% bonds, $2.7 million impairment charges on investments determined to be other-than-temporarily impaired and a $12.6 million impairment for title plants no longer in use. The net realized gain for the year ended December 31, 2011 includes $28.2 million net gains on various investments and other assets, offset by a $4.4 million decrease in the value of our structured notes and $17.1 million in impairment charges on investments determined to be other-than-temporarily impaired. The net realized gain for the year ended December 31, 2010 includes a $98.4 million gain on the sale of our 32% interest in Sedgwick in May 2010, a $27.2 million gain on the sale of a corporate bond purchased during 2009, a $21.7 million gain on the sale of FIS stock as part of a tender offer, $11.4 million in gains resulting from an increase in the value of our structured notes, and $77.0 million in gains from the sale of other various investments and assets.

Expenses.

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

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs totaled $1,872.9 million, $1,578.0 million, and $1,578.6 million for the years ended December 31, 2012, 2011 and 2010, respectively. Personnel costs increased $294.9 million, or 18.7%, for the year ended December 31, 2012 from the 2011, with an increase of $222.1 million in the Fidelity National Title Group segment, an additional $43.4 million from the Restaurant Group segment and $29.4 million from the Remy segment. Personnel costs as a percentage of total revenues were 26.0%, 32.6%, and 29.2% for the years ended December 31, 2012, 2011, and 2010, respectively. Average employee count, excluding Remy and the Restaurant Group, was 18,719, 17,330, and 17,180 for the years ended December 31, 2012, 2011, and 2010, respectively. In 2012 there were 33,859 employees added with the consolidation of the Restaurant group and 6,631 employees added with the consolidation of Remy. Included in personnel costs is stock-based compensation expense of $27.5 million, $26.6 million, and $25.1 million for the years ended December 31, 2012, 2011, and 2010, respectively. The change in personnel costs is discussed in further detail at the segment level below.

Agent commissions represent the portion of premiums retained by agents pursuant to the terms of their respective agency contracts. The change in agent commissions is discussed in further detail at the segment level below.

Other operating expenses consist primarily of facilities expenses, title plant maintenance, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), postage and courier services, computer services, professional services, travel expenses, general insurance, and trade and notes receivable allowances. Other operating expenses as a percentage of direct title insurance premiums and escrow, title-related and other fees were 37.9% in 2012 and 2011, and 40.8% in 2010. Other operating expenses increased $220.6 million or 20.4% in 2012 from 2011, reflecting increases of $117.9 million in the Fidelity National Title Group segment and $13.9 million in the Corporate and other segment as well as an additional $18.0 million from Remy and $70.8 million from the Restaurant group. In the Fidelity National Title Group segment, the increase in other operating expenses was due mainly to increases in sales, consistent with increases in revenue. Other operating expenses decreased $62.5 million or 5.5% in 2011 from 2010, reflecting decreases of $55.6 million in the Fidelity National Title Group segment and $6.9 million in the Corporate and other segment. In the Fidelity National Title Group

segment, the decrease was due mainly to decreases in facilities costs and technology costs as part of our corporate cost savings initiative. The decrease in the corporate and other segment was due primarily to the cost of sales on the sale of a large parcel of land and timber at our majority owned affiliate Cascade Timberlands included in the 2010 period.
Other operating expenses for the years ended December 31, 2012, 2011 and 2010, included $2.1 million, $1.4 million and $11.7 million, respectively, in abandoned lease charges relating to office closures.
Cost of auto parts revenue includes cost of raw materials, payroll and related costs and expenses directly related to manufacturing, and overhead expenses allocated to the costs of production such as depreciation and amortization at Remy. Remy results of operations are discussed in further detail at the segment level below.

Table of Contents

Cost of restaurant revenue includes cost of food and beverage, primarily the costs of beef, seafood, poultry, dairy and alcoholic and non-alcoholic beverages net of vendor discounts and rebates, payroll and related costs and expenses directly relating to restaurant level activities, and restaurant operating costs including occupancy, advertising and other expenses at the restaurant level. The Restaurant Group results of operations are discussed in further detail at the segment level below.

Depreciation and amortization increased $31.5 million in 2012 from 2011, mainly relating to the additional $36.6 million depreciation expense from our Remy and Restaurant Group segments added during the year, offset by a decrease due to older assets being fully depreciated. Depreciation and amortization decreased $13.2 million in 2011 from 2010 due to older assets being fully depreciated and a decrease in capital spending over the past several years.

The provision for title claim losses includes an estimate of anticipated title and title-related claims, and escrow losses. We monitor our claims loss experience on a continual basis and adjust the provision for claim losses accordingly as new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis of the reserve for claim losses. The provision for title claim losses is discussed in further detail below at the segment level.

Interest expense for the years ended December 31, 2012, 2011, and 2010 was $74.4 million, $57.2 million, and $46.2 million, respectively. The increase in 2012 from 2011 is due to additional interest incurred on the 5.50% notes issued in August of 2012, as well as additional interest expense of $13.6 million from our Remy and Restaurant Group segments added during the year. The increase in 2011 from 2010 is due to additional interest incurred on the 4.25% convertible notes issued in August 2011 as well as interest expense incurred on the 6.60% notes issued in May 2010.

Income tax expense was $246.7 million, $134.4 million, and $189.8 million for the years ended December 31, 2012, 2011, and 2010, respectively. Income tax expense as a percentage of earnings from continuing operations before income taxes for the years ended December 31, 2012, 2011, and 2010 was 29.3%, 32.4%, and 34.6%, respectively. The fluctuation in income tax expense as a percentage of earnings from continuing operations before income taxes is attributable to our estimate of ultimate income tax liability and changes in the characteristics of net earnings year to year, such as the weighting of operating income versus investment income. The decrease in the effective tax rate in 2012 from 2011 is due to a one-time tax benefit related to the bargain purchase gain on the O'Charley's acquisition and the consolidation of Remy.

Equity in earnings (losses) of unconsolidated affiliates was $9.9 million, $9.7 million, and $(1.2) million for the years ended December 31, 2012, 2011, and 2010, respectively, and consisted of our equity in the net earnings (losses) of Ceridian, Remy prior to its consolidation in August 2012, other investments in unconsolidated affiliates and our former investment in Sedgwick in 2010.

Table of Contents

Segment Results of Operations

Fidelity National Title Group

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

	Year Ended December 31, 2012	2011	2010
	(In millions)		
Revenues:			
Direct title insurance premiums	$1,736.0	$1,431.5	$1,404.5
Agency title insurance premiums	2,100.5	1,829.6	2,236.7
Escrow, title-related and other fees	1,650.3	1,383.5	1,344.6
Interest and investment income	138.1	141.3	133.5
Realized gains and losses, net	0.9	7.0	110.9
Total revenue	5,625.8	4,792.9	5,230.2
Expenses:			
Personnel costs	1,752.0	1,529.9	1,547.8
Other operating expenses	1,145.5	1,027.6	1,083.2
Agent commissions	1,599.4	1,410.8	1,758.7
Depreciation and amortization	65.3	70.6	84.9
Provision for title claim losses	279.3	222.3	248.9
Interest expense	1.2	1.4	0.3
Total expenses	4,842.7	4,262.6	4,723.8
Earnings before income taxes and equity in earnings of unconsolidated affiliates	$783.1	$530.3	$506.4

Total revenues in 2012 increased $832.9 million or 17.4% compared to 2011. Total revenues in 2011 decreased $437.3 million or 8.4% compared to 2010.

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

	Year Ended December 31, 2012			2011			2010		
	Amount	%		Amount	%		Amount	%	
	(Dollars in millions)								
Title premiums from direct operations	$1,736.0	45.2	%	$1,431.5	43.9	%	$1,404.5	38.6	%
Title premiums from agency operations	2,100.5	54.8		1,829.6	56.1		2,236.7	61.4	
Total title premiums	$3,836.5	100.0	%	$3,261.1	100.0	%	$3,641.2	100.0	%

In 2012, the proportion of agency premiums to direct premiums decreased, with agency premiums comprising 54.8% of total premiums in 2012, compared with 56.1% in 2011. In 2011 the proportion of agency premiums to direct premiums decreased to 56.1% of total premiums, compared with 61.4% in 2010.

The increase of $304.5 million in title premiums from direct operations in 2012 was primarily due to an increase in order counts and an increase in commercial transactions during the year. In 2012, mortgage interest rates have continued to decrease from the low levels in 2011 and 2010. Closed order volumes were 1,866,500 and 1,514,200 in the years ending 2012 and 2011, respectively. The average fee per file in our direct operations was $1,487 and $1,489 in the years ending 2012 and 2011, respectively, with the increase reflecting an increase in the volume of refinance transactions. The increase of $27.0 million in title premiums from direct operations in 2011 compared to 2010 was due primarily to an increase in fee per file and an increase in commerical transactions during the year. Closed order volumes were 1,514,200 and 1,574,300 in the years ending 2011 and 2010, respectively. The average fee per file in our direct operations was $1,489 and $1,387 in the years ending 2011 and 2010, respectively, with the increase reflecting a higher volume of commercial transactions which typically have a higher fee per file. The fee per file tends to change as the mix of refinance and purchase transactions changes, because purchase transactions generally involve the issuance

Table of Contents

of both a lender's policy and an owner's policy, resulting in higher fees, whereas refinance transactions typically only require a lender's policy, resulting in lower fees. The fee per file will also increase as the proportion of commercial orders increases.

The increase of $270.9 million in agency premiums in 2012 is primarily the result of a strengthening residential purchase environment. Our agency operations typically garner a lower percentage of commercial and refinance transactions and a higher percentage of purchase transactions. The decrease of $407.1 million in agency premiums in 2011 is primarily the result of a decrease in remitted and accrued agency premiums due to a slower residential purchase environment. Contributing to the decrease in remitted premiums in 2011 was a significant decrease in business from one of our largest agents.

In the Fidelity National Title Group segment, escrow fees, which are more directly related to our direct operations, increased $147.6 million, or 26.0%, in 2012 compared to 2011 due to the increase in direct title premiums over the prior year. Other fees in the Fidelity National Title Group segment, excluding escrow fees, increased $119.2 million, or 14.6%, in 2012 compared to 2011 primarily due to an increase in revenues from refinance and commercial transactions as well as increases in our other title related businesses, consistent with the title operations. Escrow fees in the Fidelity National Title Group segment increased $26.5 million, or 4.9%, in 2011 compared to 2010 due to the increase in direct title premiums over the prior year. Other fees in the Fidelity National Title Group segment, excluding escrow fees, increased $12.4 million, or 1.5%, in 2011 compared to 2010 primarily due to an increase in revenues from commercial transactions offset by a decrease in revenues from a division of our business that manages real estate owned by financial institutions due to a continued delay in lender foreclosure completions.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. The increase of $222.1 million in 2012 from 2011 is due mainly to increases in open and closed order counts. The decrease in personnel costs of $17.9 million in 2011 from 2010 is due mainly to decreases in title premiums from direct operations and decreases in opened and closed order counts. Average employee count in the title segment increased to 18,509 in 2012 from 17,036 in 2011 and increased marginally in 2011 from 16,747 in 2010. Personnel costs in the title segment as a percentage of total revenues from direct title premiums and escrow, title-related and other fees were 51.7%, 54.3% and 56.3% for the years ended December 31, 2012, 2011, and 2010, respectively.

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

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

	Year Ended December 31,								
	2012			2011			2010		
	Amount	%		Amount	%		Amount	%	
	(Dollars in millions)								
Agent title premiums	$2,100.5	100.0	%	$1,829.6	100.0	%	$2,236.7	100.0	%
Agent commissions	1,599.4	76.1		1,410.8	77.1		1,758.7	78.6	
Net retained agent premiums	$501.1	23.9	%	$418.8	22.9	%	$478.0	21.4	%

Net margin from agency title insurance premiums retained as a percentage of total agency premiums increased from 22.9% in 2011 to 23.9% in 2012. Net margin from agency title insurance premiums we retain as a percentage of total agency premiums increased from 21.4% in 2010 to 22.9% in 2011. The increase in both years is due primarily to the modification of various agency agreements since 2010 which resulted in an increase to our retained premium including our move to an 80%/20% split in New York.

The provision for title claim losses includes an estimate of anticipated title and title-related claims and escrow losses. The estimate of anticipated title and title-related claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. We monitor our claims loss experience on a continual basis and adjust the provision for title claim losses accordingly as new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis of the reserve for claim losses. The claim loss provision for title insurance was $279.3 million, $222.3 million, and $248.9 million for the years ended December 31, 2012, 2011, and 2010, respectively. These amounts reflected average claim loss provision rates of 7.0% for 2012 and 6.8% of title premiums for 2011 and 2010. The claim loss provision for 2012 also includes a $10.8 million impairment recorded on an asset previously recouped as part of a claim settlement. We will continue to monitor and evaluate our loss provision level, actual claims paid, and the loss reserve position.

Table of Contents

Remy

The results of this segment reflected in the year ended December 31, 2012, reflect results of Remy and subsidiaries as of the date of consolidation, August 14, 2012 through December 31, 2012.

	Year Ended December 31, 2012 (In millions)
Revenues:	
Auto parts revenue	$417.5
Interest and investment income	0.7
Realized gains and losses, net	78.8
Total revenues	497.0
Expenses:	
Personnel costs	29.4
Cost of auto parts revenue, includes $26.7 million of depreciation and amortization	349.5
Other operating expenses	18.0
Depreciation and amortization	1.4
Interest expense	10.2
Total expenses	408.5
Earnings from continuing operations before income taxes	$88.5

Prior to its consolidation, we previously held a $179.2 million investment in Remy, which was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheet. As a result of the difference between our basis in these investments and the fair value at the time of consolidation, we recognized a $78.8 million realized gain during the year ended December 31, 2012. Results were negatively affected during the year by a one-time mark-to-market fair value adjustment to Remy's finished goods inventory recorded in the third quarter as a result of the purchase accounting related to the Remy acquisition. Also included in the 2012 Remy results were $4.7 million of restructuring costs incurred during the year.

Restaurant Group

The results reflected in the year ended December 31, 2012 reflect results of O'Charley's Inc. and subsidiaries as of the date of acquisition, April 9, 2012 through December 31, 2012, the results of ABRH as of the date of merger with O'Charley's, May 11, 2012 through December 31, 2012, as well as the results of J. Alexanders as of the date of acquisition, September 26, 2012 through December 31, 2012.

	Year Ended December 31, 2012 (In millions)
Revenues:	
Restaurant revenue	$909.3
Realized gains and losses, net	118.7
Total revenues	1,028.0
Expenses:	
Personnel costs	43.4
Cost of restaurant revenue	774.2
Other operating expenses	70.8
Depreciation and amortization	35.2
Interest expense	3.4
Total expenses	927.0
Earnings from continuing operations before income taxes	$101.0

Prior to its consolidation, we previously held a $13.8 million investment in common stock of O'Charley's, Inc., which was included in Equity securities available for sale on the Consolidated Balance Sheet and a $37.0 million investment in ABRH which was included in Investments in unconsolidated affiliates on the Consolidated Balance Sheet. As a result of the difference between our basis in these investments and the fair value at the time of consolidation, we recognized a $72.5 million realized gain during the year ended December 31, 2012. We also recognized a $48.1 million bargain purchase gain relating to the acquisition of O'Charley's. See Note B for further discussion. Also included in the results of operations of the Restaurant Group for the year ended December 31, 2012 were $18.8 million of acquisition, transaction, and integration costs related to the O'Charley's tender offer and the subsequent merger with ABRH.

Corporate and Other

The Corporate and other segment consists of the operations of the parent holding company, certain other unallocated corporate overhead expenses, other smaller operations, and our share in the operations of certain equity investments, including Ceridian and our former investment in Sedgwick in 2010. The Corporate and other segment generated revenues of $50.9 million, $46.7 million and $183.1 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Other fees increased $11.7 million, or 25.7%, in 2012 compared to 2011 and decreased $11.2 million, or 19.7%, in 2011 compared to 2010. The increase in 2012 was due primarily to the sale of a parcel of land and timber at our majority-owned affiliate Cascade Timberlands. The decrease in 2011 was primarily due to the 2010 period including $13.7 million in revenue from the sale of a large parcel of land and timber at Cascade Timberlands.

Personnel costs were $48.1 million in 2012 and 2011 and $30.8 million in 2010. Personnel costs in 2012 include a $10.8 million accrual for our Long Term Incentive Plan established during 2012 which is tied to the fair value of certain of our non-title operations. The increase in personnel costs of $17.3 million in 2011 from 2010 is due mainly to higher bonus accruals in the 2011 period, earned as part of our cost savings initiative which ended in October of 2011.

This segment generated pretax (losses) earnings of $(129.2) million, $(115.5) million, and $42.3 million for the years ended December 31, 2012, 2011, and 2010, respectively. The change in pretax earnings in all periods is primarily related to changes in net realized gains (losses). Net realized (losses) gains totaled $(11.5) million, $(0.3) million and $124.8 million for the years ended December 31, 2012, 2011, and 2010, respectively. The decrease in 2012 from 2011 is due to the 2012 period including a $5.7 million realized loss on the early extinguishment of our 5.25% notes in 2012 as well as a $5.9 million impairment on land held at Cascade Timberlands. The decrease in 2011 from 2010 is due to a $98.4 million gain on the sale of our 32% interest in Sedgwick and a $27.2 million gain on the sale of a corporate bond being included in the year ended December 31, 2010.

Liquidity and Capital Resources

Cash Requirements. Our current cash requirements include personnel costs, operating expenses, claim payments, taxes, payments of interest and principal on our debt, capital expenditures, business acquisitions, stock repurchases and dividends on our common stock. We paid dividends of $0.58 per share during 2012, or approximately $128.7 million. On January 30, 2013, our Board of Directors formally declared a $0.16 per share cash dividend that is payable on March 29, 2013 to stockholders of record as of March 15, 2013. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

We continually assess our capital allocation strategy, including decisions relating to the amount of our dividend, reducing debt, repurchasing our stock, and/or conserving cash. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, through cash dividends from subsidiaries, cash generated by investment securities, potential sales of non-strategic assets, and borrowings on existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the needs of all of our subsidiaries and periodically review their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying such forecasts.

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

Our two significant sources of internally generated funds are dividends and other payments from our subsidiaries. As a holding company, we receive cash from our subsidiaries in the form of dividends and as reimbursement for operating and other administrative expenses we incur. The reimbursements are paid within the guidelines of management agreements among us and our subsidiaries. Our insurance subsidiaries are restricted by state regulation in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which our title underwriters can pay dividends or make distributions. As of December 31, 2012, $1,997.1 million of our net assets were restricted from dividend payments without prior approval from the relevant departments of insurance. During 2013, our title insurance subsidiaries can pay or make distributions to us of approximately $255.4 million without prior regulatory approval. Our underwritten title companies and non-title insurance subsidiaries collect revenue and pay operating expenses. However, they are not regulated to the same extent as our insurance subsidiaries. The maximum dividend permitted by law is not necessarily indicative of an insurer's actual ability to pay dividends, which may be constrained by business and regulatory considerations, such as the impact of dividends on surplus, which could affect an insurer's ratings or competitive position, the amount of premiums that can be written and the ability to pay future dividends. Further, depending on business and regulatory conditions, we may in the future need to retain cash in our underwriters or even contribute cash to one or more of them in order to maintain their ratings or their statutory capital position. Such a requirement could be the result of investment losses, reserve charges, adverse operating conditions in the current economic environment or changes in interpretation of statutory accounting requirements by regulators.

We are focused on evaluating our non-core assets and investments as potential vehicles for creating liquidity. Our intent is to use that liquidity for general corporate purposes, including payment of dividends as declared by the Board of Directors and potentially reducing debt, repurchasing shares of our stock, other strategic initiatives and/or conserving cash. During 2011, we were able to increase our liquidity through the sale of our at-risk insurance businesses, which generated approximately $119.5 million during 2011 and $194.0 million in 2012 in net cash proceeds. During 2010, we were able to create additional liquidity through the sale of our 32% interest in Sedgwick, which generated cash proceeds of approximately $193.6 million in 2010 and $32.0 million in 2011.

Our cash flows provided by operations for the years ended December 31, 2012, 2011, and 2010 were $620.0 million, $110.3 million and $188.5 million, respectively. The increase in cash provided by operations of $509.7 million from 2012 to 2011 is due primarily to increased earnings from continuing operations in 2012 as well as lower title claim payments in 2012 compared to 2011. The decrease in cash provided by operations of $78.2 million from 2010 to 2011 is due mainly to a higher proportion of income relating to investing activities in 2010 as compared to 2011 and various smaller changes in other assets and liabilities.

Capital Expenditures. Total capital expenditures for property and equipment and capitalized software were $79.2 million, $35.9 million and $53.9 million for the years ended December 31, 2012, 2011, and 2010, respectively. The increase from 2011 to 2012 is mainly due to $35.7 million in additions from our Remy and Restaurant Group segments, including capital expenditures in our Restaurant Group segment to remodel several locations.

Financing. On August 28, 2012, we completed an offering of $400.0 million in aggregate principal amount of 5.50% notes due September 2022 (the "5.50% notes"), pursuant to an effective registration statement previously filed with the Securities and Exchange Commission. The notes were priced at 99.513% of par to yield 5.564% annual interest. As such we recorded a discount of $1.9 million, which is netted against the $400.0 million aggregate principal amount of the 5.50% notes. The discount is amortized to September 2022 when the 5.50% notes mature. The 5.50% notes will pay interest semi-annually on the 1st of March and September, beginning March 1, 2013. We received net proceeds of $395.5 million, after expenses, which were used to repay the $236.5 million aggregate principal amount outstanding of our 5.25% unsecured notes maturing in March 2013, the $50.0 million outstanding on our revolving credit facility, and the remainder is being held for general corporate purposes. These notes contain customary covenants and events of default for investment grade public debt. These events of default include a cross default provision, with respect to any other debt of the Company in an aggregate amount exceeding $100 million for all such debt, arising from (i) failure to make a principal payment when due or (ii) the occurrence of an event which results in such debt being due and payable prior to its scheduled maturity.

On September 28, 2012, we used $242.3 million of the net proceeds of the issuance of the 5.50% notes to fund the repayment of the $236.5 million aggregate principal amount outstanding of our 5.25% unsecured notes, including $0.6 million of unpaid interest and a $5.2 million make-whole call penalty, as the 5.25% unsecured notes had a stated maturity of March 2013.

On May 31, 2012, ABRH entered into a credit agreement (the "ABRH Credit Facility") with Wells Fargo Capital Finance, LLC as administrative agent and swing lender (the "ABRH Administrative Lender") and the other financial institutions party thereto. The ABRH Credit Facility provides for a maximum revolving loan of $80.0 million with a maturity date of May 31, 2017. Additionally, the ABRH Credit Facility provides for a maximum term loan ("Restaurant Group Term Loan") of $85.0 million with quarterly installment repayments through December 25, 2016 and a maturity date of May 31, 2017 for the outstanding unpaid principal balance and all accrued and unpaid interest. On May 31, 2012, ABRH borrowed the entire $85.0 million under such term loan. Pricing for the ABRH Credit Facility is based on an applicable margin between 300 basis points to 375 basis points over LIBOR. The ABRH Credit Facility is subject to affirmative, negative and financial covenants customary for financings of this type, including, among other things, limits on ABRH's creation of liens, sales of assets, incurrence of indebtedness, restricted payments, transactions with affiliates, and certain amendments. The covenants addressing restricted payments include certain limitations on the declaration or payment of dividends by ABRH to its parent, Fidelity Newport Holdings, LLC (“FNH”), and by FNH to its members, and one such limitation restricts the amount of dividends that ABRH can pay to its parent (and that FNH can in turn pay to its members) to $5.0 million in the aggregate (outside of certain other permitted dividend payments) in fiscal year 2012 (with varying amounts for subsequent years). The ABRH Credit Facility includes customary events of default for facilities of this type (with customary grace periods, as applicable), which include a cross-default provision whereby an event of default will be deemed to have occurred if (i) ABRH or any of its guarantors, which consists of FNH and certain of its subsidiaries, (together, the “Loan Parties”) or any of their subsidiaries default on any agreement with a third party of $2.0 million or more related to their indebtedness and such default (a) occurs at the final maturity of the obligations thereunder or (b) results in a right by such third party to accelerate such Loan Party's or its subsidiary's obligations or (ii) a default or an early termination occurs with respect to certain hedge agreements to which a Loan Party or its subsidiaries is a party involving an amount of $0.75 million or more. The ABRH Credit Facility provides that, upon the occurrence of an event of default, the ABRH Administrative Lender may (i) declare the principal of, and any and all accrued and unpaid interest and fees in respect of, the loans immediately due and payable, (ii) terminate loan commitments and (iii) exercise all other rights and remedies available to the ABRH Administrative Lender or the lenders under the loan documents. As of December 31, 2012, the balance of the term loan was $72.2 million and there was no outstanding balance on the revolving loan. ABRH had $20.4 million of outstanding letters of credit as of December 31, 2012. As of December 31, 2012, ABRH had $59.6 million of remaining borrowing capacity under their revolving credit facility.

On April 16, 2012, we entered into an agreement to amend and extend our credit agreement dated September 12, 2006, as amended and restated as of March 5, 2010 (the “ Revolving Credit Facility”) with Bank of America, N.A. as administrative agent and swing line lender (the “Administrative Agent”), and the other financial institutions party thereto, and an agreement to change the aggregate size of the credit facility under the Revolving Credit Facility. These agreements reduced the total size of the credit facility from $925.0 million to $800.0 million, with an option to increase the size of the credit facility to $900.0 million, and established an extended maturity date of April 16, 2016. Pricing for the new agreement is based on an applicable margin between 132.5 basis points to 160.0 basis points over LIBOR, depending on the senior debt ratings of FNF. The Revolving Credit Facility remains subject to affirmative, negative and financial covenants customary for financings of this type, including, among other things, limits on the creation of liens, sales of assets, the incurrence of indebtedness, restricted payments, transactions with affiliates, and certain amendments. The Revolving Credit Facility prohibits us from paying dividends to our stockholders if an event of default has occurred and is continuing or would result therefrom. The Revolving Credit Facility requires us to maintain certain financial ratios and levels of capitalization. The Revolving Credit Facility includes customary events of default for facilities of this type (with customary grace periods, as applicable). These events of default include a cross-default provision that, subject to limited exceptions, permits the lenders to declare the Revolving Credit Facility in default if: (i) (a) we fail to make any payment after the applicable grace period under any indebtedness with a principal amount (including undrawn committed amounts) in excess of 3.0% of our net worth, as defined in the Revolving Credit Facility, or (b) we fail to perform any other term under any such indebtedness, or any other event occurs, as a result of which the holders thereof may cause it to become due and payable prior to its maturity; or (ii) certain termination events occur under significant interest rate, equity or other swap contracts. The Revolving Credit Facility provides that, upon the occurrence of an event of default, the interest rate on all outstanding obligations will be increased and payments of all outstanding loans may be accelerated and/or the lenders' commitments may be terminated. In addition, upon the occurrence of certain insolvency or bankruptcy related events of default, all amounts payable under the Revolving Credit Facility shall automatically become immediately due and payable, and the lenders' commitments will automatically terminate. As of December 31, 2012, there was no outstanding balance under the Revolving Credit Facility.

On August 2, 2011, we completed an offering of $300.0 million in aggregate principal amount of 4.25% convertible senior notes due August 2018 (the "Notes") in an offering conducted in accordance with Rule 144A under the Securities Act of 1933, as amended. The Notes contain customary event-of-default provisions which, subject to certain notice and cure-period conditions, can result in the acceleration of the principal amount of, and accrued interest on, all outstanding Notes if we breach the terms of the Notes or the indenture pursuant to which the Notes were issued. The Notes are unsecured and unsubordinated obligations and (i) rank senior in right of payment to any of our existing or future unsecured indebtedness that is expressly subordinated in right of payment to the Notes; (ii) rank equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; (iii) are effectively subordinated in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) are structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. Interest is payable on the principal amount of the Notes, semi-annually in arrears in cash on February 15 and August 15 of each year, commencing February 15, 2012. The Notes mature on August 15, 2018, unless earlier purchased by us or converted. The Notes were issued for cash at 100% of their principal amount. However, for financial reporting purposes, the notes were deemed to have been issued at 92.818% of par value, and as such we recorded a discount of $21.5 million to be amortized to August 2018, when the Notes mature. The Notes will be convertible into cash, shares of common stock, or a combination of cash and shares of common stock, at our election, based on an initial conversion rate, subject to adjustment, of 46.3870 shares per $1,000 principal amount of the Notes (which represents an initial conversion price of approximately $21.56 per share), only in the following circumstances and to the following extent: (i) during any calendar quarter commencing after December 31, 2011, if, for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including, the last trading day of the immediately preceding calendar quarter, the last reported sale price per share of our common stock on such trading day is greater than or equal to 130% of the applicable conversion price on such trading day; (ii) during the five consecutive business day period immediately following any ten consecutive trading day period (the “measurement period”) in which, for each trading day of the measurement period, the trading price per $1,000 principal amount of notes was less than

Table of Contents

98% of the product of the last reported sale price per share of our common stock on such trading day and the applicable conversion rate on such trading day; (iii) upon the occurrence of specified corporate transactions; or (iv) at any time on and after May 15, 2018. However, in all cases, the Notes will cease to be convertible at the close of business on the second scheduled trading day immediately preceding the maturity date. It is our intent and policy to settle conversions through “net-share settlement”. Generally, under “net-share settlement,” the conversion value is settled in cash, up to the principal amount being converted, and the conversion value in excess of the principal amount is settled in shares of our common stock.

During 2011, we used $75.0 million of the proceeds from the Notes to purchase 4,609,700 shares of our common stock at $16.27 per share in privately negotiated transactions concurrently with the issuance. We used the remaining net proceeds along with other cash on hand for repayment of $250.0 million outstanding debt on our revolving credit agreement.

In December 2010, Remy entered into a $300.0 million Term B Loan (“Term B”) facility. The Term B is secured by a first priority lien on the stock of Remy's subsidiaries and substantially all Remy domestic assets other than accounts receivable and inventory pledged to the Asset-Based Revolving Credit Facility, as described below. The Term B bears an interest rate of LIBOR (subject to a floor of 1.75%) plus 4.5% per annum. The Term B matures on December 17, 2016. Principal payments in the amount of $0.8 million are due at the end of each calendar quarter with termination and final payment no later than December 17, 2016. The Term B facility is subject to an excess cash calculation which may require the payment of additional principal on an annual basis. The Term B also includes events of default customary for a facility of this type, including a cross-default provision under which the lenders may declare the loan in default if we (i) fail to make a payment when due under any debt having a principal amount greater than $5.0 million or (ii) breach any other covenant in any such debt as a result of which the holders of such debt are permitted to accelerate its maturity. Remy is in compliance with all covenants as of December 31, 2012.

In December 2010, Remy entered into a $95.0 million, five year Asset-Based Revolving Credit Facility, (the "Remy Credit Facility"). The Remy Credit Facility is secured by substantially all of Remy's domestic accounts receivable and inventory. It bears interest, varying with the level of available borrowing, at a defined Base Rate plus 1.00%-1.50% per annum or, at our election, at an applicable LIBOR Rate plus 2.00%-2.50% per annum and is paid monthly. The Remy Credit Facility contains various restrictive covenants, which include, among other things: (i) a maximum leverage ratio, decreasing over the term of the facility; (ii) a minimum interest coverage ratio, increasing over the term of the facility; (iii) limitations on capital expenditures; (iv) mandatory prepayments upon certain asset sales and debt issuances; (v) requirements for minimum liquidity; and (vi) limitations on the payment of dividends in excess of a specified amount. At December 31, 2012, the Remy Credit Facility balance was zero. Based upon the collateral supporting the Remy Credit Facility, the amount borrowed, and the outstanding Remy letters of credit of $2.9 million, there was additional availability for borrowing of $69.0 million as of December 31, 2012. The Remy Credit Facility agreement matures on December 17, 2015.

Remy also has revolving credit facilities with four Korean banks with a total facility amount of approximately $16.1 million of which $6.1 million is borrowed at average interest rates of 4.54% at December 31, 2012. In Hungary, there is a revolving credit facility and a note payable with two separate banks for a credit facility of $5.5 million of which $3.0 million is borrowed at average interest rates of 2.61% at December 31, 2012. In Belgium Remy has revolving loans with two banks for a credit facility of $3.7 million with no outstanding borrowings at December 31, 2012.

On May 5, 2010, we completed an offering of $300.0 million in aggregate principal amount of our 6.60% notes due May 2017 (the "6.60% Notes"), pursuant to an effective registration statement previously filed with the Securities and Exchange Commission. The 6.60% Notes were priced at 99.897% of par to yield 6.61% annual interest. As such we recorded a discount of $0.3 million, which is netted against the $300.0 million aggregate principal amount of notes. The discount is amortized to May 2017 when the 6.60% Notes mature. We received net proceeds of $297.3 million, after expenses, which were used to repay outstanding borrowings under our credit agreement. Interest is payable semi-annually. These notes contain customary covenants and events of default for investment grade public debt. These events of default include a cross default provision, with respect to any other debt of the Company in an aggregate amount exceeding $100.0 million for all such debt, arising from (i) failure to make a principal payment when due or (ii) the occurrence of an event which results in such debt being due and payable prior to its scheduled maturity.

Seasonality. Historically, real estate transactions have produced seasonal revenue levels for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter has been typically the strongest in terms of revenue primarily due to a higher volume of home sales in the summer months and the fourth quarter is usually also strong due to commercial entities desiring to complete transactions by year-end. From 2008 - 2011, we have seen a divergence from these historical trends with orders being negatively affected by a reduction in the availability of financing, rising default levels, and falling home values causing an overall downward trend in home sales. In addition we have noted short term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates and the implementation and subsequent expiration of government programs designed to stimulate the real estate market. During 2012 we experienced an increase in existing home sales to the highest volume levels since 2007. We have also seen a decline in total housing inventory to the lowest levels since 2005.

Table of Contents

In our Restaurant Group, average weekly sales per restaurant are typically higher in the first and fourth quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.

Contractual Obligations. Our long term contractual obligations generally include our loss reserves, our credit agreements and other debt facilities, operating lease payments on certain of our premises and equipment and purchase obligations of Remy and the Restaurant Group. As of December 31, 2012, our required annual payments relating to these contractual obligations were as follows:

	2013	2014	2015	2016	2017	Thereafter	Total
	(In millions)						
Notes payable	$23.2	$11.7	$11.7	$259.8	$344.1	$693.4	$1,343.9
Operating lease payments	180.2	153.4	124.1	170.3	80.8	353.9	1,062.7
Pension and other benefit payments	16.2	21.1	20.8	19.8	19.1	139.1	236.1
Title claim losses	350.0	253.2	200.4	146.3	111.9	686.2	1,748.0
Unconditional purchase obligations	214.5	53.7	21.1	5.0	—	—	294.3
Other	86.7	74.9	74.6	74.2	42.2	201.8	554.4
Total	$870.8	$568.0	$452.7	$675.4	$598.1	$2,074.4	$5,239.4

As of December 31, 2012, we had title insurance reserves of $1,748.0 million. The amounts and timing of these obligations are estimated and are not set contractually. While we believe that historical loss payments are a reasonable source for projecting future claim payments, there is significant inherent uncertainty in this payment pattern estimate because of the potential impact of changes in:

- future mortgage interest rates, which will affect the number of real estate and refinancing transactions and, therefore, the rate at which title insurance claims will emerge;
- the legal environment whereby court decisions and reinterpretations of title insurance policy language to broaden coverage could increase total obligations and influence claim payout patterns;
- events such as fraud, escrow theft, multiple property title defects, foreclosure rates and individual large loss events that can substantially and unexpectedly cause increases in both the amount and timing of estimated title insurance loss payments; and
- loss cost trends whereby increases or decreases in inflationary factors (including the value of real estate) will influence the ultimate amount of title insurance loss payments.

Based on historical title insurance claim experience, we anticipate the above payment patterns. The uncertainty and variation in the timing and amount of claim payments could have a material impact on our cash flows from operations in a particular period.

The Restaurant Group has unconditional purchase obligations with various vendors. These purchase obligations are primarily food obligations with fixed commitments in regards to the time period of the contract with annual price adjustments that can fluctuate and a fixed beverage contract with an annual price adjustment. In situations where the price is based on market prices, the Company used the existing market prices at December 31, 2012 to determine the amount of the obligation.

Remy has long-term customer obligations related to outstanding customer contracts. These contracts designate Remy to be the exclusive supplier to the respective customer, product line or distribution center and require Remy to compensate these customers over several years for store support. Remy has also entered into arrangements with certain customers under which cores, a key component in its remanufacturing operations, are purchased and held in inventory. Credits to be issued to these customers for these arrangements are recorded at net present value and are reflected as long-term customer obligations.

We sponsor multiple pension plans and other post-retirement benefit plans. See Note O of the Notes to Consolidated Financial Statements.

Other contractual obligations include estimated future interest payments on our outstanding debt and an investment commitment entered into in December of 2012 for $50.0 million to be made in the future.

Capital Stock Transactions. On July 21, 2009, the Board of Directors approved a three-year stock repurchase program under which we can repurchase up to 15 million shares of our common stock through July 31, 2012. On January 27, 2011, our Board of Directors approved an additional 5 million shares that may be repurchased under the program. In the year ended December 31,

2012, we repurchased a total of 1,150,000 shares for $21.7 million, or an average of $18.87 per share. This program expired July 31, 2012 and we repurchased a total of 16,528,512 shares for $243.4 million, or an average of $14.73 per share under this program.
On July 21, 2012, our Board of Directors approved a three-year stock repurchase program, effective August 1, 2012, under which we can repurchase up to 15 million shares of our common stock through July 31, 2015. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. In the year ended December 31, 2012, we repurchased a total of 680,000 shares for $15.9 million, or an average of $23.38 per share under this program. Subsequent to year-end we repurchased a total of 80,000 shares for $2 million, or an average of $25.00 per share through market close on February 25, 2013. Since the original commencement of the plan adopted July 21, 2012, we have repurchased a total of 760,000 shares for $17.9 million, or an average of $23.55 per share, and there are 14,240,000 shares available to be repurchased under this program.
Equity Security and Preferred Stock Investments. Our equity security and preferred stock investments may be subject to significant volatility. Should the fair value of these investments fall below our cost basis and/or the financial condition or prospects of these companies deteriorate, we may determine in a future period that this decline in fair value is other-than-temporary, requiring that an impairment loss be recognized in the period such a determination is made.
On October 1, 2009, pursuant to an investment agreement between us and FIS dated March 31, 2009 (the “Investment Agreement”), we invested a total of $50.0 million in FIS common stock in connection with a merger between FIS and Metavante Technologies, Inc. Under the terms of the Investment Agreement, we purchased 3,215,434 shares of FIS’s common stock at a price of $15.55 per share. Additionally, we received a transaction fee of $1.5 million from FIS. During the third quarter of 2010, we sold 1,611,574 shares as part of a tender offer by FIS at $29.00 per share for a realized gain of $21.7 million. The fair value of this investment is $55.8 million and $42.6 million as of December 31, 2012 and 2011, respectively, and is recorded in Equity securities available for sale.
Off-Balance Sheet Arrangements. We do not engage in off-balance sheet activities other than facility and equipment leasing arrangements. On June 29, 2004 we entered into an off-balance sheet financing arrangement (commonly referred to as a “synthetic lease”). The owner/lessor in this arrangement acquired land and various real property improvements associated with new construction of an office building in Jacksonville, Florida, at our corporate campus and headquarters. The lessor financed the acquisition of the facilities through funding provided by third-party financial institutions. On June 27, 2011, we renewed and amended the synthetic lease for the facilities. The amended synthetic lease provides for a five year term ending June 27, 2016 and had an outstanding balance as of December 31, 2012 of $71.3 million. The amended lease includes guarantees by us of up to 83.0% of the outstanding lease balance, and options to purchase the facilities at the outstanding lease balance. The guarantee becomes effective if we decline to purchase the facilities at the end of the lease and also decline to renew the lease. The lessor is a third-party company and we have no affiliation or relationship with the lessor or any of its employees, directors or affiliates, and transactions with the lessor are limited to the operating lease agreements and the associated rent expense that have been included in Other operating expenses in the Consolidated Statements of Earnings. We do not believe the lessor is a variable interest entity, as defined in the FASB standard on consolidation of variable interest entities.
Recent Accounting Pronouncements
For a description of recent accounting pronouncements, see Note S of Notes to Consolidated Financial Statements included elsewhere herein.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk
In the normal course of business, we are routinely subject to a variety of risks, as described in the Risk Factors section of this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission. For example, we are exposed to the risk that decreased real estate activity, which depends in part on the level of interest rates, may reduce our title insurance revenues.
The risks related to our business also include certain market risks that may affect our debt and other financial instruments. At present, we face the market risks associated with our marketable equity securities subject to equity

price volatility and with interest rate movements on our outstanding debt and fixed income investments.

We regularly assess these market risks and have established policies and business practices designed to protect against the adverse effects of these exposures.

At December 31, 2012, we had $1,343.9 million in long-term debt, of which $331.0 million bears interest at a floating rate. Our fixed maturity investments, certain preferred stocks and our floating rate debt are subject to an element of market risk from changes in interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions. We manage interest rate risk through a variety of measures. We monitor our interest rate risk and make investment decisions to manage the perceived risk. However, we do not currently use derivative financial instruments to hedge these risks.

During 2010, Remy entered into an interest rate swap agreement in respect of 50% of the outstanding principal balance of our Term B Loan under which a variable LIBOR rate with a floor of 1.750% was swapped to a fixed rate of 3.345%. The Term B Loan $150.0 million notional value interest rate swap expires December 31, 2013. This interest rate swap is an undesignated hedge and changes in the fair value are recorded as Interest expense in the accompanying Consolidated Statement of Earnings. The interest rate swaps reduce our overall interest rate risk.

Remy production processes are dependent upon the supply of certain components whose raw materials are exposed to price fluctuations on the open market. The primary purpose of Remy's commodity price forward contract activity is to manage the volatility associated with forecasted purchases. Remy monitors commodity price risk exposures regularly to maximize the overall effectiveness of commodity forward contracts. The principal raw material hedged is copper. Forward contracts are used to mitigate commodity price risk associated with raw materials, generally related to purchases forecast for up to twenty-four months in the future. Additionally, Remy purchases certain commodities during the normal course of business which result in physical delivery and are excluded from hedge accounting. Remy had thirty-six commodity price hedge contracts outstanding at December 31, 2012, with combined notional quantities of 6,566 metric tons of copper. These contracts mature within the next fifteen months. These contracts were designated as cash flow hedging instruments. Accumulated unrealized net losses of $0.4 million were recorded in Accumulated other comprehensive earnings as of December 31, 2012 related to these contracts. As of December 31, 2012, net losses related to these contracts of $0.4 million are expected to be reclassified to the accompanying Consolidated Statement of Earnings within the next 12 months. Hedging ineffectiveness during the year ended December 31, 2012 was immaterial.

Equity price risk is the risk that we will incur economic losses due to adverse changes in equity prices. In the past, our exposure to changes in equity prices primarily resulted from our holdings of equity securities. At December 31, 2012, we held $137.6 million in marketable equity securities (not including our investments in preferred stock of $216.9 million at December 31, 2012 and our Investments in unconsolidated affiliates, which amounted to $392.2 million at December 31, 2012). The carrying values of investments subject to equity price risks are based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

In addition to our equity securities, fixed maturity investments and borrowings, we hold structured notes which were purchased during 2009 with a par value of $37.5 million and fair value of $40.8 million at December 31, 2012. These instruments are subject to market risks including commodity price risk. The fair value of these instruments represents exit prices obtained from a proprietary valuation model utilized by the trading desk of a broker-dealer. The fair value of the structured notes is subject to various assumptions utilized in the valuation model, including the underlying value of the relevant commodities index. The structured notes are held for general investment purposes and represent one percent of our total investment portfolio. In part because of the relatively small size of this investment, we do not believe that an adverse change in the relevant commodity prices, foreign exchange rates or interest rates on which the value of the notes depends would likely have a material effect on our financial position, and therefore we have not provided a sensitivity analysis for these items.

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of accounts receivable and cash investments. We require placement of cash in financial institutions evaluated as highly creditworthy. Remy's customer base includes global light and commercial vehicle manufacturers and a large number of retailers, distributors and installers of automotive aftermarket parts. Remy evaluates the credit and the geographical dispersion of sales transactions to help mitigate credit risk concentration.

Remy manufactures and sells products primarily in North America, South America, Asia, Europe and Africa. As a result our financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets in which we manufacture and sell our products. We generally try to use natural hedges within our foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, we consider managing certain aspects of our foreign currency activities through the use of foreign exchange contracts. We primarily utilize forward exchange contracts with maturities generally within twenty-four months to hedge against currency rate fluctuations, some of which are designated as hedges. See Note E for further discussion.

For purposes of this Annual Report on Form 10-K, we perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair values of our debt and other financial instruments.

The financial instruments that are included in the sensitivity analysis with respect to interest rate risk include fixed maturity investments, preferred stock and notes payable. The financial instruments that are included in the sensitivity analysis with respect

Table of Contents

to equity price risk include marketable equity securities. With the exception of our equity method investments, it is not anticipated that there would be a significant change in the fair value of other long-term investments or short-term investments if there were a change in market conditions, based on the nature and duration of the financial instruments involved.

To perform the sensitivity analysis, we assess the risk of loss in fair values from the effect of hypothetical changes in interest rates and equity prices on market-sensitive instruments. The changes in fair values for interest rate risks are determined by estimating the present value of future cash flows using various models, primarily duration modeling. The changes in fair values for equity price risk are determined by comparing the market price of investments against their reported values as of the balance sheet date.

Information provided by the sensitivity analysis does not necessarily represent the actual changes in fair value that we would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factor are held constant. For example, our reserve for title claim losses (representing 33.9% of total liabilities at December 31, 2012) is not included in the hypothetical effects.

We have no market risk sensitive instruments entered into for trading purposes; therefore, all of our market risk sensitive instruments were entered into for purposes other than trading. The results of the sensitivity analysis at December 31, 2012 and December 31, 2011, are as follows:

Interest Rate Risk

At December 31, 2012, an increase (decrease) in the levels of interest rates of 100 basis points, with all other variables held constant, would result in a (decrease) increase in the fair value of our fixed maturity securities and certain of our investments in preferred stock which are tied to interest rates of $111.1 million as compared with a (decrease) increase of $108.0 million at December 31, 2011.

Additionally, for the year ended December 31, 2012, a decrease of 100 basis points in the levels of interest rates, with all other variables held constant, would result in a decrease in the interest expense on our average outstanding floating rate debt of $0.1 million as compared to a decrease of $0.1 million for the year ended December 31, 2011. An increase of 100 basis points in the levels of interest rates, with all other variables held constant, would result in an increase in the interest expense of our average outstanding floating rate debt of $1.4 million for the year ended December 31, 2012, as compared to $2.0 million for the year ended December 31, 2011.

Equity Price Risk

At December 31, 2012, a 20% increase (decrease) in market prices, with all other variables held constant, would result in an increase (decrease) in the fair value of our equity securities portfolio of $27.5 million, as compared with an increase (decrease) of $21.1 million at December 31, 2011.

Item 8. Financial Statements and Supplementary Data

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL INFORMATION

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Fidelity National Financial, Inc.:

We have audited Fidelity National Financial, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Fidelity National Financial, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Fidelity National Financial, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2012 and 2011, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity and Cash Flows for each of the years in the three-year period ended December 31, 2012, and our report dated February 26, 2013 expressed an unqualified opinion on those Consolidated Financial Statements.

/s/ KPMG LLP

February 26, 2013
Jacksonville, Florida
Certified Public Accountants

51

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Fidelity National Financial, Inc.:

We have audited the accompanying Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2012 and 2011, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity and Cash Flows for each of the years in the three-year period ended December 31, 2012. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

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

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fidelity National Financial, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.
////s/ KPMG LLP

February 26, 2013
Jacksonville, Florida
Certified Public Accountants

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2012	2011
	(In millions, except share data)	
ASSETS		
Investments:		
Fixed maturities available for sale, at fair value, at December 31, 2012 and 2011, includes pledged fixed maturities of $275.2 and $274.2, respectively, related to secured trust deposits	$3,139.8	$3,200.2
Preferred stock available for sale, at fair value	216.9	71.4
Equity securities available for sale, at fair value	137.6	105.7
Investments in unconsolidated affiliates	392.2	546.5
Other long-term investments	104.6	77.5
Short-term investments	61.9	50.4
Total investments	4,053.0	4,051.7
Cash and cash equivalents, at December 31, 2012 and 2011, includes pledged cash of $265.9 and $161.3, respectively, related to secured trust deposits	1,131.9	665.7
Trade and notes receivables, net of allowance of $21.7 and $22.6 at December 31, 2012 and 2011, respectively	479.0	321.5
Goodwill	1,908.5	1,452.2
Prepaid expenses and other assets	673.4	681.7
Other intangible assets, net	650.5	130.7
Title plants	374.2	386.7
Property and equipment, net	632.1	166.1
Income taxes receivable	—	5.8
Total assets	$9,902.6	$7,862.1
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities, at December 31, 2012 and 2011, includes accounts payable to related parties of $5.4 and $5.6, respectively	$1,307.5	$862.7
Income taxes payable	103.2	—
Notes payable	1,343.9	915.8
Reserve for title claim losses	1,748.0	1,912.8
Secured trust deposits	528.3	419.9
Deferred tax liability	122.6	95.0
Total liabilities	5,153.5	4,206.2
Equity:		
Common stock, Class A, $0.0001 par value; authorized, 600,000,000 shares as of December 31, 2012 and 2011; issued 268,541,117 shares and 254,868,454 shares at December 31, 2012 and 2011, respectively	—	—
Preferred stock, $0.0001 par value; authorized, 50,000,000 shares; issued and outstanding, none	—	—
Additional paid-in capital		