

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2005

OR

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-31666

**FIRST ADVANTAGE CORPORATION**

(Exact name of registrant as specified in its charter)

**Incorporated in Delaware**  
(State or other jurisdiction of incorporation or organization)

**61-1437565**  
(I.R.S. Employer Identification Number)

**One Progress Plaza, Suite 2400  
St. Petersburg, Florida 33701**  
(Address of principal executive offices, including zip code)

**(727) 214-3411**  
(Registrant's telephone number, including area code)

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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 7,877,157 shares of outstanding Class A Common Stock of the registrant as of August 11, 2005.

There were 16,027,086 shares of outstanding Class B Common Stock of the registrant as of August 11, 2005.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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**First Advantage Corporation  
Consolidated Financial Statements  
For the Six Months Ended  
June 30, 2005 and 2004**

[Table of Contents](#)**First Advantage Corporation****Consolidated Balance Sheets (Unaudited)**

	June 30, 2005	December 31, 2004
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,071,000	\$ 7,637,000
Accounts receivable (less allowance for doubtful accounts of \$2,010,000 and \$1,782,000 in 2005 and 2004, respectively)	57,090,000	43,124,000
Prepaid expenses and other current assets	2,529,000	2,141,000
<b>Total current assets</b>	<b>63,690,000</b>	<b>52,902,000</b>
Property and equipment, net	25,855,000	22,049,000
Goodwill	337,555,000	305,539,000
Intangible assets, net	44,106,000	40,987,000
Database development costs, net	8,636,000	8,257,000
Other assets	3,624,000	1,619,000
<b>Total assets</b>	<b>\$ 483,466,000</b>	<b>\$ 431,353,000</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 11,245,000	\$ 10,190,000
Accrued compensation	8,851,000	9,922,000
Accrued liabilities	11,955,000	9,113,000
Due to affiliates	423,000	161,000
Income taxes payable	129,000	4,381,000
Current portion of long-term debt and capital leases	20,729,000	19,870,000
<b>Total current liabilities</b>	<b>53,332,000</b>	<b>53,637,000</b>
Long-term debt and capital leases, net of current portion	114,690,000	85,910,000
Deferred income taxes	3,832,000	—
Other liabilities	5,848,000	1,635,000
<b>Total liabilities</b>	<b>177,702,000</b>	<b>141,182,000</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value; 1,000,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$.001 par value; 75,000,000 shares authorized; 7,844,483 and 7,226,801 shares issued and outstanding as of June 30, 2005 and December 31, 2004, respectively	8,000	7,000
Class B common stock, \$.001 par value; 25,000,000 shares authorized; 16,027,286 shares issued and outstanding as of June 30, 2005 and December 31, 2004, respectively	16,000	16,000
Additional paid-in capital	283,958,000	271,995,000
Retained earnings	21,584,000	17,895,000
Accumulated other comprehensive income	198,000	258,000
<b>Total stockholders' equity</b>	<b>305,764,000</b>	<b>290,171,000</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 483,466,000</b>	<b>\$ 431,353,000</b>

The accompanying notes are an integral part of these consolidated financial statements.

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**First Advantage Corporation**

**Consolidated Statements of Income and Comprehensive Income (Unaudited)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Service revenue	\$ 71,113,000	\$ 58,032,000	\$ 131,261,000	\$ 103,991,000
Reimbursed government fee revenue	12,253,000	10,887,000	24,469,000	22,361,000
<b>Total revenue</b>	<b>83,366,000</b>	<b>68,919,000</b>	<b>155,730,000</b>	<b>126,352,000</b>
Cost of service revenue	16,347,000	16,558,000	30,681,000	30,539,000
Government fees paid	12,253,000	10,887,000	24,469,000	22,361,000
<b>Total cost of service</b>	<b>28,600,000</b>	<b>27,445,000</b>	<b>55,150,000</b>	<b>52,900,000</b>
<b>Gross margin</b>	<b>54,766,000</b>	<b>41,474,000</b>	<b>100,580,000</b>	<b>73,452,000</b>
Salaries and benefits	25,785,000	21,006,000	48,900,000	38,718,000
Other operating expenses	20,474,000	11,292,000	33,160,000	21,596,000
Depreciation and amortization	3,696,000	3,145,000	7,104,000	5,785,000
<b>Total operating expenses</b>	<b>49,955,000</b>	<b>35,443,000</b>	<b>89,164,000</b>	<b>66,099,000</b>
<b>Income from operations</b>	<b>4,811,000</b>	<b>6,031,000</b>	<b>11,416,000</b>	<b>7,353,000</b>
Other (expense) income:				
Interest expense	(1,447,000)	(498,000)	(2,505,000)	(729,000)
Interest income	11,000	4,000	21,000	15,000
<b>Total other (expense), net</b>	<b>(1,436,000)</b>	<b>(494,000)</b>	<b>(2,484,000)</b>	<b>(714,000)</b>
<b>Income before income taxes</b>	<b>3,375,000</b>	<b>5,537,000</b>	<b>8,932,000</b>	<b>6,639,000</b>
Provision for income taxes	2,913,000	2,329,000	5,243,000	2,792,000
<b>Net income</b>	<b>462,000</b>	<b>3,208,000</b>	<b>3,689,000</b>	<b>3,847,000</b>
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(44,000)	11,000	(60,000)	11,000
<b>Comprehensive income</b>	<b>\$ 418,000</b>	<b>\$ 3,219,000</b>	<b>\$ 3,629,000</b>	<b>\$ 3,858,000</b>
Per share amounts:				
Basic	\$ 0.02	\$ 0.15	\$ 0.16	\$ 0.18
Diluted	\$ 0.02	\$ 0.15	\$ 0.15	\$ 0.18
Weighted-average common shares outstanding:				
Basic	23,754,420	21,502,035	23,525,530	21,328,629
Diluted	24,152,679	22,104,455	23,861,578	21,625,147

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**First Advantage Corporation****Consolidated Statement of Changes in Stockholders' Equity  
For the Six Months Ended June 30, 2005 (Unaudited)**

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2004	23,254,087	\$ 23,000	\$ 271,995,000	\$ 258,000	\$ 17,895,000	\$ 290,171,000
Net income	—	—	—	—	3,689,000	3,689,000
Class A Shares issued in connection with prior year acquisitions	12,779	—	233,000	—	—	233,000
Class A Shares issued in connection with stock option plan and employee stock purchase plan	79,783	—	1,221,000	—	—	1,221,000
Class A Shares issued in connection with benefit plans	46,373	—	902,000	—	—	902,000
Class A Shares issued in connection with current year acquisitions	478,747	1,000	9,499,000	—	—	9,500,000
Tax benefit related to stock options	—	—	108,000	—	—	108,000
Foreign currency translation	—	—	—	(60,000)	—	(60,000)
Balance at June 30, 2005	<u>23,871,769</u>	<u>\$ 24,000</u>	<u>\$ 283,958,000</u>	<u>\$ 198,000</u>	<u>\$ 21,584,000</u>	<u>\$ 305,764,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**First Advantage Corporation****Consolidated Statements of Cash Flows****For the Six Months Ended June 30, 2005 and 2004 (Unaudited)**

	For the Six Months Ended June 30,	
	2005	2004
<b>Cash flows from operating activities:</b>		
Net income	\$ 3,689,000	\$ 3,847,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,104,000	5,785,000
Deferred income taxes	3,832,000	—
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(11,227,000)	(11,070,000)
Prepaid expenses and other current assets	(302,000)	59,000
Other assets	(4,444,000)	(3,172,000)
Accounts payable	671,000	1,068,000
Accrued liabilities	2,474,000	4,173,000
Due to affiliates	79,000	(1,673,000)
Income taxes	(4,278,000)	3,552,000
Accrued compensation and other liabilities	3,476,000	291,000
Net cash provided by operating activities	1,074,000	2,860,000
<b>Cash flows from investing activities:</b>		
Database development costs	(1,405,000)	(1,435,000)
Purchases of property and equipment	(5,010,000)	(2,416,000)
Cash paid for acquisitions	(20,795,000)	(44,195,000)
Cash balance of companies acquired	736,000	1,820,000
Net cash used in investing activities	(26,474,000)	(46,226,000)
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	33,000,000	53,000,000
Repayment of long-term debt	(12,385,000)	(12,637,000)
Proceeds from class A shares issued in connection with stock option plan and employee stock purchase plan	1,221,000	3,431,000
Net cash provided by financing activities	21,836,000	43,794,000
Effect of exchange rates on cash	(2,000)	—
(Decrease) increase in cash and cash equivalents	(3,566,000)	428,000
Cash and cash equivalents at beginning of period	7,637,000	5,637,000
Cash and cash equivalents at end of period	\$ 4,071,000	\$ 6,065,000
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 2,433,000	\$ 521,000
Cash paid for income taxes	\$ 5,643,000	\$ 124,000
<b>Non-cash investing and financing activities:</b>		
Class A shares issued in connection with acquisitions	\$ 9,733,000	\$ 9,705,000
Notes issued in connection with acquisitions	\$ 8,905,000	\$ 20,389,000
Class A shares issued for benefit plan	\$ 902,000	\$ —

The accompanying notes are an integral part of these consolidated financial statements.



**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
June 30, 2005 and 2004 (Unaudited)**

**1. Organization and Nature of Business**

The Company operates in three primary business segments: Enterprise Screening, Risk Mitigation and Consumer Direct. The Enterprise Screening segment includes employment background screening, occupational health services, resident screening services and tax incentive services. The Risk Mitigation segment includes motor vehicle records, transportation credit services and investigations. The Consumer Direct segment provides consumers with a single, comprehensive access point to a broad range of information to assist them in locating people and other public data searches.

The First American Corporation ("First American") owns approximately 67% of the shares of capital stock of the Company as of June 30, 2005. The Class B common stock owned by First American is entitled to ten votes per share on all matters presented to the stockholders for vote.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The consolidated financial information included in this report has been prepared in accordance with the instructions to Form 10-Q and does not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments are of a normal recurring nature and are considered necessary for a fair statement of the results for the interim period. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission.

First Advantage completed three acquisitions during the second quarter of 2005. The Company's operating results for the three and six months ended June 30, 2005 and 2004 include results for the acquired entities from their respective dates of acquisition.

Operating results for the three and six months ended June 30, 2005 and 2004 are not necessarily indicative of the results that may be expected for the entire fiscal year.

The results of operations for the quarter ended June 30, 2005, include \$3.7 million of nondeductible merger costs that First Advantage incurred in connection with its pending acquisition of the Credit Information Group ("CIG") Business from First American; \$2.0 million of costs incurred in connection with the relocation of the company's corporate headquarters and other office consolidations; and \$290,000 of costs related to the launch of the corporate branding initiative that was announced in June 2005. These costs are included in the Company's Corporate segment.

*Comprehensive Income*

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", governs the financial statement presentation of changes in stockholders' equity resulting from non-owner sources. Comprehensive income includes all changes in equity except those resulting from investments by owners and distribution to owners.

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements****June 30, 2005 and 2004 (Unaudited)***Impairment of Intangible and Long-Lived Assets*

First Advantage carries intangible and long-lived assets at cost less accumulated amortization. Accounting standards require that assets be written down if they become impaired. Intangible and long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At such time that an impairment in value of an intangible or long-lived asset is identified, the impairment will be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is determined by employing an expected present value technique, which utilizes multiple cash flow scenarios that reflect the range of possible outcomes and an appropriate discount rate.

*Stock Based Compensation Plan*

The Company adopted SFAS No. 148 "Accounting for Stock-Based Compensation – Transition and Disclosure," as of January 1, 2003 with respect to the disclosure requirements. The Company has elected to continue accounting for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. If the Company had elected or was required to apply the fair value recognition provisions of SFAS No. 123, "Accounting for Stock Based Compensation," to stock-based employee compensation, net income and net income per share would have been reduced to the pro forma amounts indicated in the following table.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income, as reported	\$ 462,000	\$ 3,208,000	\$ 3,689,000	\$ 3,847,000
Less: stock based compensation expense, net of tax	1,157,000	756,000	2,138,000	1,683,000
Pro forma net income (loss)	\$ (695,000)	\$ 2,452,000	\$ 1,551,000	\$ 2,164,000
Earnings (loss) per share:				
Basic, as reported	\$ 0.02	\$ 0.15	\$ 0.16	\$ 0.18
Basic, pro forma	\$ (0.03)	\$ 0.11	\$ 0.07	\$ 0.10
Diluted, as reported	\$ 0.02	\$ 0.15	\$ 0.15	\$ 0.18
Diluted, pro forma	\$ (0.03)	\$ 0.11	\$ 0.06	\$ 0.10

In December 2004, the FASB issued SFAS No. 123R (Revised 2004), "Share-Based Payment." SFAS No. 123R is a revision of FASB Statement 123 "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25 "Accounting for Stock Issued to Employees" and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). The cost will be recognized over the period during which an employee is required to provide services in exchange for the award. In April 2005, the Securities and Exchange Commission approved a new rule that amended the effective date of SFAS 123R, whereby the Company will now be required to adopt this standard no later than January 1, 2006.

**First Advantage Corporation****Notes to Consolidated Financial Statements****June 30, 2005 and 2004 (Unaudited)**

The Company has not determined the impact, in any, that this statement will have on its consolidated financial position or results of operations.

**3. Acquisitions**

During the first quarter of 2005, the Company completed one acquisition for \$2.5 million in cash and a made a scheduled payment amounting to \$233,000 of Class A shares related to a prior year acquisition. During the second quarter of 2005, the Company acquired 100% of ITax Group, Inc. and Quest Research LTD, and 60% of PrideRock Holding Company. These acquisitions have been included in the Company's Enterprise Screening and Risk Mitigation segments. The preliminary allocation of the purchase price is based upon estimates of the assets and liabilities acquired in accordance with SFAS No. 141, "Business Combinations." The allocations may be revised in 2005. The acquisition of these companies is based on management's consideration of past and expected future performance as well as the potential strategic fit with the long-term goals of the Company. The expected long-term growth, market position and expected synergies to be generated by inclusion of these companies are the primary factors which gave rise to an acquisition price which resulted in the recognition of goodwill.

The aggregate purchase price of acquisitions completed during 2005 is as follows:

Cash	\$ 20,795,000
Notes	8,905,000
Stock (478,747 shares)	9,500,000
	<hr/>
Purchase price	\$ 39,200,000
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The preliminary allocation of the aggregate purchase price of these acquisitions is as follows:

Goodwill	\$ 29,415,000
Identifiable intangible assets	5,709,000
Net assets acquired	4,076,000
	<hr/>
	\$ 39,200,000
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**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
June 30, 2005 and 2004 (Unaudited)**

Unaudited pro forma results of operations assuming all acquisitions were consummated on January 1, 2004 are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Total revenue	\$ 83,367,000	\$ 79,106,000	\$ 159,488,000	\$ 152,845,000
Net income	\$ 1,095,000	\$ 3,680,000	\$ 3,449,000	\$ 4,585,000
Earnings per share:				
Basic	\$ 0.05	\$ 0.16	\$ 0.14	\$ 0.20
Diluted	\$ 0.05	\$ 0.15	\$ 0.14	\$ 0.20
Weighted-average common shares outstanding:				
Basic	23,854,378	23,056,768	23,814,259	23,015,222
Diluted	24,252,637	23,795,514	24,150,308	23,465,669

The changes in the carrying amount of goodwill, by operating segment, are as follows for the six months ended June 30, 2005:

	Enterprise Screening	Risk Mitigation	Consumer Direct	Consolidated
Balance, at December 31, 2004	\$ 182,582,000	\$ 100,631,000	\$ 22,326,000	\$ 305,539,000
Acquisitions	27,301,000	2,114,000	—	29,415,000
Adjustments to net assets acquired	2,518,000	291,000	—	2,809,000
Utilization of pre-acquisition tax loss carryforwards	(208,000)	—	—	(208,000)
Balance, at June 30, 2005	\$ 212,193,000	\$ 103,036,000	\$ 22,326,000	\$ 337,555,000

The adjustment to net assets acquired represents changes in the fair value of net assets acquired in connection with acquisitions consummated within the past twelve months.

The changes in the carrying amount of identifiable intangible assets are as follows for the six months ended June 30, 2005:

	Intangible Assets
Balance, at December 31, 2004	\$ 40,987,000
Acquisitions	5,709,000
Adjustments	(9,000)
Amortization	(2,581,000)
Balance, at June 30, 2005	\$ 44,106,000

Amortization expense totaled \$2,581,000 and \$1,415,000 for the six months ended June 30, 2005 and 2004, respectively.

**First Advantage Corporation****Notes to Consolidated Financial Statements  
June 30, 2005 and 2004 (Unaudited)****4. Debt**

Long-term debt consists of the following at June 30, 2005:

Acquisition notes:	
Weighted average interest rate of 4.6% with maturities through 2008	\$ 43,091,000
Bank notes:	
\$45 million Loan Agreement, interest at 30-day LIBOR plus 1.39% (4.50% at June 30, 2005), matures July 2006	41,500,000
\$25 million Line of Credit, interest at 30-day LIBOR plus 1.39% (4.50% at June 30, 2005), matures March 2007	25,000,000
Promissory Notes with First American:	
\$10 million revolving loan, interest at 30-day LIBOR plus 1.89% (5.00% at June 30, 2005), matures July 2006	10,000,000
\$20 million revolving loan, interest at 30-day LIBOR plus 1.89% (5.00% at June 30, 2005), matures July 2006	15,500,000
Capital leases and other debt:	
Various interest rates with maturities through 2006	328,000
<b>Total long-term debt and capital leases</b>	<b>135,419,000</b>
Less current portion of long-term debt and capital leases	20,729,000
<b>Long-term debt and capital leases, net of current portion</b>	<b>\$ 114,690,000</b>

On March 28, 2005, the Company amended for a second time, its loan agreement with Bank of America, N.A. The interest rate of the note is the 30-day LIBOR rate plus an applicable margin ranging from 1.25% to 1.49% per annum. Under the terms of the second amendment, the outstanding principal under the amended note increased to \$45 million. The amendment includes a provision which allows for an "equity event" to occur prior to December 31, 2005. An "equity event" is defined as any equity investment in stock of the Company either through a public offering or private placement. Upon the occurrence of such an event, any proceeds are to be used to reduce the line to the lesser of \$20 million or 80% of eligible accounts receivable. The maturity date is July 31, 2006.

As part of the second amendment to the loan agreement, the Company is required to adhere to certain financial covenants. Through the maturity date, the "Funded Debt to EBITDA" ratio cannot exceed 3.0 to 1. Funded Debt is defined as all outstanding liabilities for borrowed money and other interest bearing liabilities less the non-current portion of subordinated liabilities. EBITDA, as defined in the second amendment to the loan agreement, means net income less income or plus losses from discontinued operations and extraordinary items, plus all of the following: income taxes, interest expense, depreciation, amortization, depletion and other non-cash charges.

**First Advantage Corporation****Notes to Consolidated Financial Statements  
June 30, 2005 and 2004 (Unaudited)**

At June 30, 2005, the Company was in compliance with the financial covenants of its loan agreement.

**5. Income Tax**

The effective tax rate was 86% and 59% for the three and six months ended June 30, 2005, respectively. This exceeds the Company's statutory tax rate primarily due to the nondeductible merger costs of \$3.7 million that were incurred in connection with the pending acquisition of the CIG Business from First American.

**6. Earnings Per Share**

A reconciliation of earnings per share and weighted-average shares outstanding is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net Income	\$ 462,000	\$ 3,208,000	\$ 3,689,000	\$ 3,847,000
Interest on convertible note, net of tax	—	40,000	—	40,000
Net Income - numerator for basic and fully diluted earnings per share	\$ 462,000	\$ 3,248,000	\$ 3,689,000	\$ 3,887,000
Denominator:				
Weighted-average shares for basic earnings per share	23,754,420	21,502,035	23,525,530	21,328,629
Effect of dilutive securities	398,259	256,168	336,048	211,141
Convertible notes	—	346,252	—	85,377
Denominator for diluted earnings per share	24,152,679	22,104,455	23,861,578	21,625,147
Earnings per share:				
Basic	\$ 0.02	\$ 0.15	\$ 0.16	\$ 0.18
Diluted	\$ 0.02	\$ 0.15	\$ 0.15	\$ 0.18

For the three months ended June 30, 2005 and 2004, options and warrants totaling 412,333 and 1,420,843, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive. For the six months ended June 30, 2005 and 2004, options and warrants totaling 1,241,546 and 1,410,415, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive.

**7. Segment Information**

The Company operates in three primary business segments: Enterprise Screening, Risk Mitigation and Consumer Direct.

The Enterprise Screening segment includes employment background screening, occupational health services, resident screening services and tax incentive services. Products and services relating to employment background screening include criminal records searches, employment and education verification, social security number verification and credit reporting. Occupational health services include drug-free workplace programs, physical examinations and employee assistance programs. Resident screening services include criminal background and eviction searches, credit reporting, employment verification and lease performance and payment histories. Tax incentive services include services related to the administration of employment-based and location-based tax credit and incentive programs, sales and use tax programs and fleet asset management programs. Revenue for the Enterprise Screening segment includes \$13,000 and \$12,000 of sales to the Consumer Direct segment for the three months ended June 30, 2005 and

**First Advantage Corporation**

**Notes to Consolidated Financial Statements  
June 30, 2005 and 2004 (Unaudited)**

2004, respectively, and \$32,000 and \$24,000 for the six months ended June 30, 2005 and 2004, respectively. It also includes revenue to the Risk Mitigation segment of \$10,000 and \$21,000 for the three and six months ended June 30, 2005, respectively.

The Risk Mitigation segment includes motor vehicle records, transportation credit services and investigative services. Products and services offered by the Risk Mitigation segment include driver history reports, vehicle registration, credit reports on cargo shippers and brokers, surveillance services, field interviews, computer forensics, electronic discovery, due diligence reports and other high level investigations. Revenue for the Risk Mitigation segment includes \$648,000 and \$575,000 of sales to the Enterprise Screening segment for the three months ended June 30, 2005 and 2004, respectively, and \$1,252,000 and \$1,057,000 for the six months ended June 30, 2005 and 2004, respectively.

The Consumer Direct segment provides consumers with a single, comprehensive access point to a broad range of information to assist them in locating people and other public data searches. Revenue for the Consumer Direct segment includes \$18,000 and \$82,000 of sales to the Enterprise Screening segment for the three and six months ended June 30, 2004, respectively.

The elimination of inter-segment revenue and cost of service revenue is included in Corporate. These transactions are recorded at cost.





[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements****June 30, 2005 and 2004 (Unaudited)**

The following unaudited combined financial information has been prepared to give effect to the acquisition of the CIG Business by First Advantage. The acquisition of the CIG Business by First Advantage is a transaction between businesses under the common control of First American. In acquisition of businesses under common control, the acquiring company records acquired assets and liabilities at historical costs. Historical income statements of the acquirer are restated to include operations of the acquired business at historical cost assuming the acquisition was completed at the beginning of the earliest period presented. The restated financial information for the three and six months ended for June 30, 2005 includes \$3.7 million of nondeductible merger costs that First Advantage incurred in connection with its pending acquisition of the Credit Information Group ("CIG") Business from First American; \$2.0 million of costs incurred in connection with the relocation of the company's corporate headquarters and other office consolidations; and \$290,000 of costs related to the launch of the corporate branding initiative.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Total revenue	\$ 163,424,000	\$ 133,994,000	\$ 303,745,000	\$ 256,023,000
Net income	\$ 12,489,000	\$ 10,266,000	\$ 26,675,000	\$ 19,882,000
Earnings per share:				
Basic	\$ 0.24	\$ 0.20	\$ 0.51	\$ 0.39
Diluted	\$ 0.23	\$ 0.20	\$ 0.50	\$ 0.39
Weighted-average common shares outstanding:				
Basic	52,827,590	50,575,205	52,598,700	50,401,799
Diluted	53,219,980	51,177,625	52,930,764	50,698,317

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**Note of Caution Regarding Forward Looking Statements**

Certain statements in this quarterly report on Form 10-Q relate to future results of the Company and are considered “forward-looking statements”. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to among other things, sufficiency and availability of cash flows and other sources of liquidity, current levels of operations, anticipated growth, future market positions, synergies from integration, ability to execute its growth strategy, consummation of the transaction with The First American Corporation, levels of capital expenditures and ability to satisfy current debt. These forward-looking statements, and others forward-looking statements contained in other public disclosures of the Company are based on assumptions that involve risks and uncertainties, and that are subject to change based on various important factors (some of which are beyond the Company’s control). Risks and uncertainties exist that may cause results to differ materially from those set forth in these forward-looking statements. Factors that could cause the anticipated results to differ from those described in the forward-looking statements include: general volatility of the capital markets and the market price of the Company’s Class A common stock; the Company’s ability to successfully raise capital; the Company’s ability to identify and complete acquisitions and to successfully integrate businesses it acquires; changes in applicable government regulations; the degree and nature of the Company’s competition; increases in the Company’s expenses; continued consolidation among the Company’s competitors and customers; unanticipated technological changes and requirements; the Company’s ability to identify suppliers of quality and cost-effective data; and other factors described in this quarterly report on Form 10-Q. Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties. The forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

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

**Overview**

First Advantage Corporation (Nasdaq: FADV) ("First Advantage" or the "Company") provides global risk management screening services to enterprise and consumer customers. The Company operates in three primary business segments: Enterprise Screening, Risk Mitigation and Consumer Direct. First Advantage is headquartered in St. Petersburg, Florida, and has more than 2,400 employees in offices throughout the United States and abroad. Since its formation, First Advantage has acquired 27 companies as of June 30, 2005 and completed three of those acquisitions in the second quarter of 2005.

Operating results for the three and six months ended June 30, 2005 included total revenue of \$83.4 million and \$155.7 million, respectively, representing an increase of 21% and 23% over the same periods in 2004, with 6.6% and 7.6% of that growth being organic growth. Net income for the three and six months ended June 30, 2005 was \$.5 million and \$3.7 million, respectively. Net income decreased \$2.7 million for the three months and \$.2 million for the six months ended June 30, 2005 in comparison to the same periods in 2004.

On June 30, 2005, the Company filed a preliminary proxy statement with the SEC. First Advantage has agreed to buy First American's CIG Business and related businesses under the terms of the master transfer agreement. First Advantage has agreed to pay for the CIG Business and related businesses with 29,073,170 shares of its Class B common stock. The date for the company's annual shareholders meeting has been set for September 13, 2005, for shareholders of record as of August 9, 2005. Subject to the approval of a majority of the First Advantage's Class A shareholders and other closing conditions, the acquisition of CIG from First American is expected to close shortly thereafter. The acquisition of CIG by First Advantage is a transaction between businesses under common control of First American. As such, First Advantage will record the assets and liabilities of CIG at historical cost. Historical income statements of First Advantage will be restated to include results of operations of CIG at historical costs assuming the acquisition was completed at the beginning of the earliest periods presented.

The results of operations for the quarter ended June 30, 2005, include \$3.7 million of nondeductible merger costs that First Advantage incurred in connection with its pending acquisition of the CIG Business from First American; \$2.0 million of costs incurred in connection with the relocation of the company's corporate headquarters and other office consolidations; and \$.3 million of costs related to the launch of the corporate branding initiative that was announced in June 2005. These costs are included in the Company's Corporate segment.

**Critical Accounting Policies**

Critical accounting policies are those policies used in the preparation of the company's financial statements that require management to make estimates and judgments that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosure of contingencies. A summary of these policies can be found in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for year ended December 31, 2004.

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The following is a summary of the operating results by the Company's business segments for the three months ended June 30, 2005 and 2004 and for the six months ended June 30, 2005 and 2004.

	Enterprise Screening	Risk Mitigation	Consumer Direct	Corporate and Eliminations	Total
<b>Three Months Ended June 30, 2005</b>					
Service revenue	\$55,023,000	\$13,078,000	\$3,703,000	\$ (691,000)	\$71,113,000
Reimbursed government fee revenue	2,920,000	9,930,000	—	(597,000)	12,253,000
Total revenue	57,943,000	23,008,000	3,703,000	(1,288,000)	83,366,000
Cost of service revenue	13,237,000	3,549,000	252,000	(691,000)	16,347,000
Government fees paid	2,920,000	9,930,000	—	(597,000)	12,253,000
Total cost of service	16,157,000	13,479,000	252,000	(1,288,000)	28,600,000
Gross margin	41,786,000	9,529,000	3,451,000	—	54,766,000
Salaries and benefits	18,517,000	4,197,000	519,000	2,552,000	25,785,000
Other operating expenses	10,140,000	1,859,000	2,146,000	6,329,000	20,474,000
Depreciation and amortization	2,416,000	828,000	417,000	35,000	3,696,000
Income (loss) from operations	\$10,713,000	\$ 2,645,000	\$ 369,000	\$(8,916,000)	\$ 4,811,000
Gross margin percentage of service revenue	75.9%	72.9%	93.2%	N/A	77.0%

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	Enterprise Screening	Risk Mitigation	Consumer Direct	Corporate and Eliminations	Total
<b>Three Months Ended June 30, 2004</b>					
Service revenue	\$ 44,744,000	\$10,864,000	\$2,964,000	\$ (540,000)	\$ 58,032,000
Reimbursed government fee revenue	2,720,000	8,167,000	—	—	10,887,000
<b>Total revenue</b>	<b>47,464,000</b>	<b>19,031,000</b>	<b>2,964,000</b>	<b>(540,000)</b>	<b>68,919,000</b>
Cost of service revenue	12,516,000	4,321,000	261,000	(540,000)	16,558,000
Government fees paid	2,720,000	8,167,000	—	—	10,887,000
<b>Total cost of service</b>	<b>15,236,000</b>	<b>12,488,000</b>	<b>261,000</b>	<b>(540,000)</b>	<b>27,445,000</b>
Gross margin	32,228,000	6,543,000	2,703,000	—	41,474,000
Salaries and benefits	15,484,000	2,732,000	638,000	2,152,000	21,006,000
Other operating expenses	8,066,000	1,271,000	1,628,000	327,000	11,292,000
Depreciation and amortization	2,078,000	484,000	563,000	20,000	3,145,000
<b>Income (loss) from operations</b>	<b>\$ 6,600,000</b>	<b>\$ 2,056,000</b>	<b>\$ (126,000)</b>	<b>\$ (2,499,000)</b>	<b>\$ 6,031,000</b>
Gross margin percentage of service revenue	72.0%	60.2%	91.2%	N/A	71.5%
<b>Six Months Ended June 30, 2005</b>					
Service revenue	\$100,289,000	\$25,251,000	\$7,043,000	\$ (1,322,000)	\$131,261,000
Reimbursed government fee revenue	5,460,000	20,162,000	—	(1,153,000)	24,469,000
<b>Total revenue</b>	<b>105,749,000</b>	<b>45,413,000</b>	<b>7,043,000</b>	<b>(2,475,000)</b>	<b>155,730,000</b>
Cost of service revenue	24,528,000	7,038,000	437,000	(1,322,000)	30,681,000
Government fees paid	5,460,000	20,162,000	—	(1,153,000)	24,469,000
<b>Total cost of service</b>	<b>29,988,000</b>	<b>27,200,000</b>	<b>437,000</b>	<b>(2,475,000)</b>	<b>55,150,000</b>
Gross margin	75,761,000	18,213,000	6,606,000	—	100,580,000
Salaries and benefits	34,987,000	7,946,000	994,000	4,973,000	48,900,000
Other operating expenses	18,899,000	3,536,000	4,106,000	6,619,000	33,160,000
Depreciation and amortization	4,538,000	1,669,000	831,000	66,000	7,104,000
<b>Income (loss) from operations</b>	<b>\$ 17,337,000</b>	<b>\$ 5,062,000</b>	<b>\$ 675,000</b>	<b>\$(11,658,000)</b>	<b>\$ 11,416,000</b>
Gross margin percentage of service revenue	75.5%	72.1%	93.8%	N/A	76.6%
<b>Six Months Ended June 30, 2004</b>					
Service revenue	\$ 78,448,000	\$19,444,000	\$7,196,000	\$ (1,097,000)	\$103,991,000
Reimbursed government fee revenue	5,035,000	17,326,000	—	—	22,361,000
<b>Total revenue</b>	<b>83,483,000</b>	<b>36,770,000</b>	<b>7,196,000</b>	<b>(1,097,000)</b>	<b>126,352,000</b>
Cost of service revenue	23,198,000	7,884,000	554,000	(1,097,000)	30,539,000
Government fees paid	5,035,000	17,326,000	—	—	22,361,000
<b>Total cost of service</b>	<b>28,233,000</b>	<b>25,210,000</b>	<b>554,000</b>	<b>(1,097,000)</b>	<b>52,900,000</b>
Gross margin	55,250,000	11,560,000	6,642,000	—	73,452,000
Salaries and benefits	28,131,000	5,180,000	1,503,000	3,904,000	38,718,000
Other operating expenses	14,854,000	2,344,000	4,151,000	247,000	21,596,000
Depreciation and amortization	3,765,000	860,000	1,131,000	29,000	5,785,000
<b>Income (loss) from operations</b>	<b>\$ 8,500,000</b>	<b>\$ 3,176,000</b>	<b>\$ (143,000)</b>	<b>\$ (4,180,000)</b>	<b>\$ 7,353,000</b>
Gross margin percentage of service revenue	70.4%	59.5%	92.3%	N/A	70.6%

## **Enterprise Screening Segment**

### **Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

Total service revenue was \$55.0 million as of June 30, 2005, an increase of \$10.3 million compared to service revenue of \$44.7 million in the same period of 2004. Acquisitions accounted for approximately \$6.7 million of the revenue increase. There were five businesses acquired since the second quarter of 2004. Revenue increased by \$3.6 million at businesses owned in the second quarter of 2004. The growth rate of 9.1%, excluding acquisitions, is due to expanded market share and an increase in products, services, and cross-selling opportunities.

The gross margin percentage of service revenue increased from 72.0% to 75.9% primarily as a result of efficiencies realized from consolidating operations and leveraging vendor relationships.

Salaries and benefits increased by \$3.0 million. Salaries and benefits were 33.7% of service revenue for the second quarter of 2005 compared to 34.6% of service revenue in the same period of 2004. This decrease reflected economies achieved in 2005 by consolidating certain operations and leveraging databases.

Other operating expenses increased by \$2.1 million and were 18.4% of service revenue in the second quarter of 2005 compared to 18.0% in the same period of 2004. This increase was primarily due to the four companies acquired since June 30, 2004.

Depreciation and amortization increased by \$.3 million. Depreciation and amortization was 4.4% of service revenue in the second quarter of 2005 compared to 4.6% in the same period of 2004. This decrease, as a percent of service revenue, is primarily due to several assets being fully depreciated offset by an increase in the amortization of intangible assets as a result of acquisitions.

Income from operations was \$10.7 million in the second quarter of 2005 compared to income from operations of \$6.6 million in the same period of 2004. The increase was the result of increased revenue, primarily from acquisitions. Operating costs, as a percent of revenue, declined due to consolidation of businesses and leveraging of databases.

## **Risk Mitigation Segment**

### **Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

Total service revenue was \$13.1 million as of June 30, 2005, an increase of \$2.2 million compared to service revenue of \$10.9 million in the same period of 2004. The acquisition of an investigative business and a motor vehicle business account for a substantial part of the increase in service revenue.

The gross margin percentage of service revenue increased from 60.2% to 72.9% primarily due to the acquired companies, which generate margin levels that are higher as a percentage of service revenue.

Salaries and benefits increased by \$1.5 million. Salaries and benefits were 32.1% of service revenue in the second quarter of 2005 compared to 25.1% in the same period of 2004. The percentage increase is primarily due to the acquisitions.

Other operating expenses increased by \$.6 million. Other operating expenses were 14.2% of service revenue in the second quarter of 2005 and 11.7% in the second quarter of 2004. The increase is primarily due to the acquisitions.

Depreciation and amortization increased by \$.3 million due to an increase in amortization of intangible assets as a result of the acquisitions.

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Income from operations was \$2.6 million for the second quarter of 2005 compared to \$2.1 million in the second quarter of 2004.

### **Consumer Direct**

#### **Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

Total service revenue was \$3.7 million as of June 30, 2005, an increase of \$.7 million compared to service revenue of \$3.0 million in the same period of 2004. The increase is due to additional distribution channels in use in comparing the second quarter of 2005 to second quarter of 2004.

The gross margin percentage of service revenue increased from 91.2% to 93.2% primarily due to vendor negotiations to reduce fulfillment costs.

Salaries and benefits decreased by \$.1 million. Salaries and benefits were 14.0% of service revenue in the second quarter of 2005 compared to 21.5% in the same period of 2004. The percentage decrease is primarily due to the reduction in employees. There was a decrease of 18 employees in comparing the average number of employees in second quarter 2005 to the same period in 2004.

Other operating expenses increased by \$.5 million. Other operating expenses were 58.0% of service revenue in the second quarter of 2005 and 54.9% for the same period of 2004. The increase is due to increased advertising to align with increased revenues in the second quarter.

Depreciation and amortization decreased by \$.1 million due to several assets being fully depreciated.

Income from operations was \$.4 million for the second quarter of 2005 compared to a loss from operations of \$.1 million in the second quarter of 2004. This increase is due to the additional distribution channels and improved margins.

### **Corporate**

#### **Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

Corporate costs and expenses represent primarily compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. Additional costs were incurred for the increased level of professional fees for Sarbanes Oxley compliance and for interest expense related to increased debt levels. The corporate expenses were \$8.9 million in the second quarter of 2005 compared to expenses of \$2.5 million in the same period of 2004. The current year increase is primarily due to the following one-time expenses; (a) \$3.7 million related to CIG acquisition costs; (b) \$2.0 million related to relocation expenses; and (c) \$.3 million related to launching the Company's branding initiative.

### **Consolidated Results**

#### **Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

Consolidated service revenue for the three months ended June 30, 2005 was \$71.1 million, an increase of \$13.1 million compared to service revenue of \$58.0 in the same period in 2004. Acquisitions accounted for \$10.3 million of the increase.

The consolidated gross margin of service revenue was 77.0% for the three months ended June 30, 2005 compared to 71.5% for the same period in 2004. The increase is due to the change in the mix of margins related to the acquired businesses, and efficiencies realized from consolidating operations and leveraging vendor relationships.

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Salaries and benefits were 36.3% of service revenue for the three months ended June 30, 2005 and 36.2% compared to the same period in 2004.

Other operating expenses were 28.8% of service revenue for the three months ended June 30, 2005 and 19.5% compared to the same period for 2004. The increase is primarily related to the following one-time expenses; (a) \$3.7 million related to CIG acquisition costs; (b) \$2.0 million related to relocation expenses; and (c) \$.3 million related to launching the Company's branding initiative.

Depreciation and amortization increased by \$.6 million due to an overall increase in amortization of intangible assets as a result of acquisitions, offset by several assets being fully depreciated.

Income from operations was \$4.8 million for the three months ended June 30, 2005 compared to \$6.0 million for the same period in 2004. The decrease of \$1.2 million is comprised of an increase in operating income of \$4.1 million in the Enterprise Screening segment, an increase in operating income of \$.6 million in the Risk Mitigation segment, an increase in operating income of \$.5 million in the Consumer Direct segment and an increase of corporate expenses of \$6.4 million.

### **Enterprise Screening Segment**

#### **Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004**

Total service revenue was \$100.3 million as of June 30, 2005, an increase of \$21.9 million compared to service revenue of \$78.4 million in the same period of 2004. Acquisitions accounted for approximately \$14.9 million of the revenue increase. There were four businesses acquired since June 2004. Revenue increased by \$7.0 million at businesses owned at June 2004. The growth rate of 9.7%, excluding acquisitions, is due to expanded market share, the launch of several cross-selling initiatives, and an increase in products and services.

The gross margin percentage of service revenue increased from 70.4% to 75.5% was primarily due to efficiencies realized from consolidating operations and leveraging vendor relationships.

Salaries and benefits increased by \$6.9 million. Salaries and benefits were 34.9% of service revenue for the six months ended June 2005 compared to 35.9% of service revenue in the same period of 2004. This decrease, as a percentage of revenue, is due to economies achieved in 2005 by consolidating certain operations.

Other operating expenses increased by \$4.0 million and were 18.8% of service revenue for the six months ended June 2005 compared to 18.9% in the same period of 2004.

Depreciation and amortization increased by \$.8 million. Depreciation and amortization was 4.5% of service revenue for the six months ended June 2005 compared to 4.8% in the same period of 2004. This decrease, as a percent of service revenue, is primarily due to several assets being fully depreciated offset by an increase in the amortization of intangible assets as a result of acquisitions.

Income from operations was \$17.3 million for the six months ended June 2005 compared to income from operations of \$8.5 million in the same period of 2004. The increase in income from operations was the result of increased revenue, primarily from acquisitions. Operating costs, as a percent of revenue, declined due to consolidation of businesses and leveraging of databases.



**Risk Mitigation Segment**

**Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004**

Total service revenue was \$25.3 million as of June 30, 2005, an increase of \$5.9 million compared to service revenue of \$19.4 million in the same period of 2004. The acquisition of an investigative business and a motor vehicle business account for a substantial part of the increase in service revenue.

The gross margin percentage of service revenue increased from 59.5% to 72.1%. The increase is primarily driven by an acquisition in the transportation division, which has generally higher margins.

Salaries and benefits increased by \$2.8 million. Salaries and benefits were 31.5% of service revenue year to date June 2005 compared to 26.6% in the same period of 2004. The percentage increase is primarily due to acquisitions.

Other operating expenses increased by \$1.2 million. Other operating expenses were 14.0% of service revenue for the six months ended June 2005 compared to 12.1% in the same period of 2004. The change is primarily due to acquisitions.

Depreciation and amortization increased by \$.8 million due to an increase in amortization of intangible assets as a result of acquisitions.

Income from operations was \$5.1 million for the six months ended June 2005 compared to \$3.2 million in the same period of 2004. Operating income from existing businesses increased by \$1.9 million.

**Consumer Direct**

**Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004**

Total service revenue was \$7.0 million as of June 30, 2005, a decrease of \$.2 million compared to service revenue of \$7.2 million in the same period of 2004. This segment experienced a decrease in distribution channels in 2004. In 2005, these channels have begun to be replaced, and revenues have increased when comparing the second quarter 2005 to the same period in 2004.

The gross margin percentage of service revenue increased from 92.3% to 93.8% primarily due to vendor negotiations to reduce fulfillment costs.

Salaries and benefits decreased by \$.5 million. Salaries and benefits were 14.1% of service revenue for the six months ended June 2005 compared to 20.9% in the same period of 2004. The percentage decrease is primarily due to the reduction in employees. There was a decrease of 25 employees when the average number of employees in the first half of 2005 is compared the same period in 2004.

Other operating expenses decreased by \$45 thousand. Other operating expenses were 58.3% of service revenue for the six months ended June 2005 and 57.7% for the same period of 2004.

Depreciation and amortization decreased by \$.3 million due to certain fixed assets becoming fully depreciated during the fourth quarter of 2004.

Income from operations was \$.7 million for the six months ended June 2005 compared to a loss from operations of \$.1 million in the same period in 2004. The increase is due to the 2005 addition of distribution channels and the continued focus on cost management.

## **Corporate**

### **Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004**

Corporate costs and expenses represent primarily compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. Additional costs were incurred for the increased level of professional fees for Sarbanes Oxley compliance and for interest expense related to increased debt levels. The corporate expenses were \$11.7 million for the six months ended June 30, 2005 compared to expenses of \$4.2 million in the same period of 2004. The current year increase is primarily due to the following one-time expenses; (a) \$3.7 million related to CIG acquisition costs; (b) \$2.0 million related to relocation expenses; and (c) \$.3 million related to launching the Company's branding initiative.

## **Consolidated Results**

### **Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004**

Consolidated service revenue for the six months ended June 30, 2005 was \$131.3 million, an increase of \$27.3 million compared to service revenue of \$104.0 in the same period in 2004. Acquisitions accounted for \$21.7 million of the increase.

The consolidated gross margin of service revenue was 76.6% for the six months ended June 30, 2005 compared to 70.6% for the same period in 2004. The increase is due to the change in the mix of margins related to the acquired businesses in addition to efficiencies realized from consolidating operations and leveraging vendor relationships.

Salaries and benefits were 37.3% of service revenue for the six months ended June 30, 2005 and 37.2% compared to the same period in 2004.

Other operating expenses were 25.3% of service revenue for the six months ended June 30, 2005 and 20.8% compared to the same period for 2004. The increase was primarily related to the additional corporate expenses incurred in 2005 offset by decreases related to continued cost efficiencies.

Depreciation and amortization increased by \$1.3 million due to an increase in amortization of intangible assets as a result of acquisitions.

Income from operations was \$11.4 million for the six months ended June 30, 2005 compared to \$7.4 million for the same period in 2004. The increase of \$4.0 million is comprised of an increase in operating income of \$8.8 million in the Enterprise Screening segment, an increase in operating income of \$1.9 million in the Risk Mitigation segment, an increase in operating income of \$.8 million in the Consumer Direct segment and an increase of corporate expenses of \$7.5 million.

## **Liquidity and Capital Resources**

The Company's primary source of liquidity is cash flow from operations and amounts available under credit lines the Company has established with a bank and with First American. As of June 30, 2005, cash and cash equivalents were \$4.1 million.

Cash provided by operating activities was \$1.1 million and \$2.9 million for the six months ended June 30, 2005 and 2004, respectively.

Cash provided from operating activities decreased \$1.8 million from the six months ended June 30, 2005 compared to the same period in 2004, while net income was \$3.7 million for the six months ended June 30, 2005 and \$3.8 million for the same period in 2004. A \$1.3 million increase in depreciation and amortization was offset by a \$3.2 million increase in operating assets and liabilities, net.

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Cash used in investing activities was \$26.5 million and \$46.2 million for the six months ended June 30, 2005 and 2004, respectively. For the six months ended June 30, 2005, cash in the amount of \$20.8 million was used for acquisitions. Purchases of property and equipment were \$5.0 million for the six months ended June 30, 2005 compared to \$2.4 million in the same period of 2004.

Cash provided by financing activities was \$21.8 million and \$43.8 million for the six months ended June 30, 2005 and 2004, respectively. For the six months ended June 30, 2005, proceeds from existing credit facilities with a bank and First American were \$33.0 million. Repayment of debt was \$12.4 million for the six months ended June 30, 2005 and \$12.6 million in the same period of 2004. Proceeds from Class A shares issued in connection with the stock option plan and employee stock purchase plan were \$1.2 million and \$3.4 million for the six months ended June 30, 2005 and 2004, respectively.

At June 30, 2005 the Company had unused lines of credit of \$8 million.

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 4,000,000 shares of our Class A common stock, par value \$.001 per share, from time to time as full or partial consideration for the acquisition of businesses, assets or securities of other business entities. The Registration Statement was declared effective on July 14, 2003. A total of 2,717,230 of the 4,000,000 shares were issued for acquisitions as of June 30, 2005.

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 2,000,000 shares of our Class A common stock, par value \$.001 per share, from time to time for general corporate purposes. The Registration Statement was declared effective on January 3, 2005. No shares have been issued as of June 30, 2005.

In 2005, First Advantage seeks to acquire other businesses as part of its growth strategy. The Company will continue to evaluate acquisitions in order to achieve economies of scale, expand market share and enter new markets. The extent of future acquisitions, however, is dependent upon the availability of capital and liquidity to fund such acquisitions.

While uncertainties within the Company's industry exist, management is not aware of any trends or events likely to have a material adverse effect on liquidity or the accompanying financial statements. The Company believes that, based on current levels of operations and anticipated growth, the Company's cash flow from operations, together with available sources of liquidity, will be sufficient to fund operations, fund anticipated capital expenditures, make required payments of principal and interest on debt, and satisfy other long-term contractual commitments. However, any material adverse change in our operating results from our business plan or acceleration of existing debt obligations or in the amount of investment in acquisitions, technology or products could require the Company to seek other funding alternatives including raising additional capital.

The following is a schedule of long-term contractual commitments as of June 30, 2005 over the periods in which they are expected to be paid.

	2005	2006	2007	2008	2009	Thereafter	Total
Minimum contract purchase commitments	\$ 615,000	\$ 578,000	\$ 514,000	\$ 425,000	\$ 450,000	\$ —	\$ 2,582,000
Operating leases	4,915,000	8,050,000	6,433,000	5,535,000	5,452,000	23,762,000	54,147,000
Long-term debt and capital leases	10,382,000	85,335,000	32,967,000	6,735,000	—	—	135,419,000
Interest payments related to long-term debt(1)	3,029,000	4,126,000	784,000	231,000	—	—	8,170,000
Total	\$ 18,941,000	\$ 98,089,000	\$ 40,698,000	\$ 12,926,000	\$ 5,902,000	\$ 23,762,000	\$ 200,318,000

(1) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in the Company's risk since filing its Form 10-K for the year ended December 31, 2004.

**Item 4. Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, have concluded that, as of the end of the fiscal quarter covered by this report on Form 10-Q, the Company's disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports filed or submitted under such Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting during the quarter ended June 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

First Advantage's subsidiaries are involved in litigation from time to time in the ordinary course of their businesses. We do not believe that the outcome of any pending or threatened litigation involving these entities will have a material adverse effect on our financial position or operating results.

A subsidiary of the Company is a defendant in a class action lawsuit that is pending in federal court in New York. The plaintiffs allege that our subsidiary, directly and through its agents, violated the Fair Credit Reporting Act, New York's Fair Credit Reporting Act and New York's Deceptive Practices Act by failing to use reasonable procedures to ensure the maximum possible accuracy when issuing tenant reports. The action seeks injunctive and declaratory relief, compensatory, punitive and statutory damages, plus attorneys' fees and costs.

Two subsidiaries are defendants in separate class action lawsuits that are pending in state court in California. The plaintiffs in both cases allege that our subsidiaries, directly and through their agents, violated the California Consumer Credit Reporting Agencies Act and California Business and Professions Code by failing to use reasonable procedures to ensure the maximum possible accuracy when issuing tenant reports. The actions seek injunctive relief, an accounting, restitution, statutory damages, interest, punitive damages and attorneys' fees and costs.

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A subsidiary of the Company is involved in a class action lawsuit that is pending in state court in California. The plaintiff in this case alleges that our subsidiary violated the California Consumer Credit Reporting Agencies Act by failing to use reasonable procedures to ensure the maximum possible accuracy when issuing a background report and, in particular, by failing to provide a written disclaimer on the background report regarding its accuracy. The action seeks statutory damages, actual damages, and attorney's fees.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults upon Senior Securities**

None

**Item 4. Submission of Matters to a Vote of Security Holders**

None

**Item 5. Other Information**

On May 9, 2005, the Company entered into Director Indemnification Agreements with each of the current members of its board of directors pursuant to which the Company agreed, in exchange for such person's continued service on the Company's board, to indemnify, defend and hold harmless each director to the fullest extent permitted or required by the laws of the State of Delaware against all liabilities and expenses incurred by such director by virtue of such director's service on the Company's board of directors or service in such other capacity (including, among other things, as officer, employee, or agent of the Company or other enterprise) at the request of the Company. In addition, the Company agreed to advance certain expenses incurred by its directors in proceedings involving the director by virtue of such service. The Director Indemnification Agreement also defines the terms and conditions that apply in determining whether or not a director is entitled to indemnification in any given instance and the circumstances under which the director may be required to reimburse the Company for advanced expenses. The Company also agreed to maintain insurance coverage for director and officers on terms no less favorable than in effect on the date the Director Indemnification Agreements were executed, with respect to coverage and amount.

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**Item 6. Exhibits**

(a) Exhibits

- 10.1 Form of Indemnification Agreement, dated May 9, 2005, between First Advantage Corporation and each member of its board of directors.
- 10.2 Amended and Restated Master Transfer Agreement, dated June 20, 2005, among The First American Corporation, First American Real Estate Information Services, Inc., First American Real Estate Solutions, LLC, FADV Holdings, LLC and First Advantage Corporation.
- 10.3 First Advantage Corporation Senior Executive Annual Incentive Program.
- 31.1 Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FIRST ADVANTAGE CORPORATION**  
(Registrant)

*Date: August 15, 2005*

By: /s/ JOHN LONG

*John Long*  
*Chief Executive Officer*

*Date: August 15, 2005*

By: /s/ JOHN LAMSON

*John Lamson*  
*Chief Financial Officer*



**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
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## INDEMNIFICATION AGREEMENT

(Delaware corporation)

This Indemnification Agreement (this "**Agreement**"), made and entered into as of the \_\_\_\_ day of \_\_\_\_\_ 2005, by and between First Advantage Corporation, a Delaware corporation (the "**Company**"), and \_\_\_\_\_ ("**Indemnitee**").

## WITNESSETH:

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself.

WHEREAS, the By-Laws of the Company provide that the Company shall indemnify and advance expenses to all directors and officers of the Company in the manner set forth therein and to the fullest extent permitted by applicable law, and the Company's Certificate of Incorporation provides for limitation of liability for directors. In addition, Indemnitee may be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**"). The By-Laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, this Agreement is a supplement to and in furtherance of the charter and by-laws of the Company and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

WHEREAS, Indemnitee does not regard the protection available under the Company's charter and by-laws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director of the Company without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1  
CERTAIN DEFINITIONS

(a) As used in this Agreement:

**"Change of Control"** shall be deemed to have occurred in any one of the following circumstances occurring after the date hereof: (i) there shall have occurred an event required to be reported with respect to the Company in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) under the Exchange Act, regardless of whether the Company is then subject to such reporting requirement; (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding voting securities; (iii) there occurs a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to

such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; (iv) all or substantially all the assets of the Company are sold or disposed of in a transaction or series of related transactions; (v) the approval by the stockholders of the Company of a complete liquidation of the Company; or (vi) the individuals who on the date hereof constitute the Board (including, for this purpose, any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who were directors on the date hereof or whose election or nomination was so approved) cease for any reason to constitute at least a majority of the members of the Board.

**"Corporate Status"** describes the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of the Company or of any other Enterprise (as defined below) which such person is or was serving at the request of the Company.

**"Disinterested Director"** means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

**"Enterprise"** means the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"Expenses"** shall include all reasonable direct and indirect costs (including, without limitation, attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with (i) prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, (ii) establishing or enforcing a right to indemnification under this Agreement, applicable law or otherwise, or (iii) the review and preparation of this Agreement on behalf of Indemnitee. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however,

shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

“**FACO**” means The First American Corporation, a California corporation.

“**Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five years previous to its selection or appointment has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the rights of Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

“**Independent Directors**” any member of the Company’s board of directors who is not (i) an officer or employee of the Company, (ii) an officer, director or employee of FACO or any affiliate (excluding the Company) thereof, (iii) a person who controls or is under common control with FACO or any affiliate thereof or (iv) a person who otherwise would fail to qualify as an “independent director” under the applicable rules of the Nasdaq National Market as then in effect; provided, however, that a person designated by Pequot in accordance with the Stockholders Agreement dated as of December 13, 2002, among FACO, Pequot and the Company shall not be deemed to be disqualified as an Independent Director by application of section (iv) of this definition.

“**Liabilities**” means any losses or liabilities, including, without limitation, any judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid in settlement, arising out of or in connection with any Proceeding (including all interest, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA excise taxes and penalties, penalties or amounts paid in settlement).

“**Pequot**” means Pequot Private Equity Fund II, L.P., a Delaware limited partnership.

“**person**” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that the term “person” shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

**“Proceeding”** includes any threatened, pending or completed action, derivative action, suit, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual threatened or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceedings hereinabove listed in which Indemnitee was, is or will be involved as a party or otherwise by reason of any Corporate Status of Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(a) For the purposes of this Agreement:

References to “Company” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee, or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, then Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

ARTICLE 2  
SERVICES BY INDEMNITEE

Section 2.01. *Services By Indemnitee.* Indemnitee hereby agrees to continue to serve as a director of the Company for so long as Indemnitee is duly elected or until Indemnitee tenders his or her resignation or is removed.

ARTICLE 3  
INDEMNIFICATION

Section 3.01. *General.* (a) The Company hereby agrees to and shall indemnify Indemnitee and hold him or her harmless from and against any and all Expenses and Liabilities, in either case, actually and reasonably incurred by Indemnitee or on Indemnitee's behalf, to the fullest extent permitted by applicable law.

For purposes of this Section 3.01, the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

(i) to the fullest extent permitted by any provision of the DGCL, or the corresponding provision of any amendment to or replacement of the DGCL, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(b) Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

(c) Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection

with a claim, issue or matter related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 3.02. *Exclusions.* Notwithstanding any provision of this Agreement, the Company shall not be obligated under this Agreement to make any indemnity (including any advancement of Expenses) in connection with any claim made against Indemnitee:

(a) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; or

(b) except as otherwise provided in Sections 6.01(d) or (f) hereof, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its affiliates or their respective directors, officers, employees or other indemnitees, unless (i) the Proceeding (or any part of any Proceeding) is authorized prior to its initiation by a majority of the Independent Directors or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

#### ARTICLE 4

##### ADVANCEMENT OF EXPENSES; DEFENSE OF CLAIMS

Section 4.01. *Advances.* Notwithstanding any provision of this Agreement to the contrary, the Company shall advance any Expenses incurred by Indemnitee in connection with any Proceeding within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Any overdue amount of such Expenses to be paid by the Company hereunder shall bear interest, compounded monthly, at a rate of 8% per annum. Advances shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. This Section 4.01 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 3.02.



Section 4.02. *Repayment of Advances or Other Expenses.* Indemnitee agrees that Indemnitee shall reimburse the Company for all Expenses advanced by the Company pursuant to Section 4.01, in the event and only to the extent that it shall be determined by final judgment or other final adjudication under the provisions of any applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee is not entitled to be indemnified by the Company for such Expenses.

Section 4.03. *Defense of Claims.* The Company will be entitled to participate in the Proceeding at its own expense. The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on the Indemnitee without the Indemnitee's prior written consent, such consent not to be unreasonably withheld. Indemnitee shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on the Company without the Company's prior written consent, such consent not to be unreasonably withheld.

ARTICLE 5  
PROCEDURES FOR NOTIFICATION OF AND DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION

Section 5.01. *Request For Indemnification.* (a) Within sixty (60) days after the actual receipt by Indemnitee of notice that he or she is a party to or a participant (as a witness or otherwise) in any Proceeding, Indemnitee shall submit to the Company a written notice identifying the Proceeding. The omission by the Indemnitee to so notify the Company will not relieve the Company from any liability which it may have to Indemnitee (i) otherwise than under this Agreement, and (ii) under this Agreement except and only to the extent the Company can establish that such omission to notify caused actual material prejudice to the Company.

(b) Indemnitee shall thereafter deliver to the Company a written application to indemnify Indemnitee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written application for indemnification by Indemnitee, the Indemnitee's entitlement to indemnification shall be determined according to Section 5.02 of this Agreement.

Section 5.02. *Determination of Entitlement.* (a) Upon written request by Indemnitee for indemnification pursuant to Section 5.01, a determination, if expressly required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) by a majority vote of the Independent Directors who are Disinterested Directors, even though less than a quorum of the Board; or (ii) if so requested by the Indemnitee in his or her sole

discretion, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If entitlement to indemnification is to be determined by Independent Counsel pursuant to Section 5.02(a), such Independent Counsel shall be selected as provided in this Section 5.02. If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Independent Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 5.01 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 5.02(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 6.01(a) of this

Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees of any Independent Counsel and to fully indemnify such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

Section 5.03. *Presumptions and Burdens of Proof; Effect of Certain Proceedings.* (a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 5.01 of this Agreement, and the Company shall have the burdens of coming forward with evidence and of persuasion to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by any person, persons or entity that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 5.02 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an

independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 5.03(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnatee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnatee for purposes of determining any right to indemnification under this Agreement.

ARTICLE 6  
REMEDIES OF INDEMNITEE

Section 6.01. *Adjudication or Arbitration.* (a) In the event of any dispute between Indemnatee and the Company hereunder as to entitlement to indemnification or advancement of Expenses (including without limitation where (i) a determination is made pursuant to Section 5.02 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 4.01 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 5.02(a) of this Agreement within forty-five (45) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to the last sentence of Section 5.02(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3.01 of this Agreement is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification), then Indemnatee shall be entitled to an adjudication by a court of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, in such case, Indemnatee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 6.01 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 6.01 the Company shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 5.02(a) of this Agreement adverse to Indemnatee for any purpose. If Indemnatee commences a judicial proceeding or

arbitration pursuant to this Section 6.01, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 4.02 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 6.01.

(d) In the event that Indemnitee, pursuant to this Section 6.01, seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him or her in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses reasonably incurred by Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 6.01 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(f) The Company shall indemnify Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) advance such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee for (i) indemnification or advances of Expenses by the Company under this Agreement or any other agreement or provision of the Company's Certificate of Incorporation or By-laws now or hereafter in effect or (ii) recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee in connection with the performance of his or her duties for or on behalf of the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance or insurance recovery, as the case may be.

ARTICLE 7  
DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Section 7.01. *D&O Liability Insurance.* The Company shall obtain and maintain a policy or policies of insurance (“**D&O Liability Insurance**”) with reputable insurance companies providing liability insurance for directors and officers of the Company in their capacities as such (and for any capacity in which any director or officer of the Company serves any other Enterprise at the request of the Company), in respect of acts or omissions occurring while serving in such capacity, on terms with respect to coverage and amount (including with respect to the payment of Expenses) no less favorable than those of such policy in effect on the date hereof.

Section 7.02. *Evidence of Coverage.* Upon request by Indemnitee, the Company shall provide copies of all policies of D&O Liability Insurance obtained and maintained in accordance with Section 7.01 of this Agreement. The Company shall promptly notify Indemnitee of any changes in such insurance coverage.

ARTICLE 8  
MISCELLANEOUS

Section 8.01. *Nonexclusivity of Rights.* The rights of indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled to under applicable law, the Company’s Certificate of Incorporation, the Company’s Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company’s Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section 8.02. *Insurance and Subrogation.* (a) To the extent that, pursuant to Section 7.01, the Company maintains a policy or policies providing D&O Liability Insurance, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage

available for any such director, trustee, partner, managing member, fiduciary, officer, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, board of directors' committee member, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise.

Section 8.03. *Contribution.* To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 8.04. *Amendment.* This Agreement may not be modified or amended except by a written instrument executed by or on behalf of each of the parties hereto.

Section 8.05. *Waivers.* The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term only by a writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided herein, no delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 8.06. *Entire Agreement.* This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are superseded by this Agreement.

Section 8.07. *Severability.* If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 8.08. *Notice Of Proceedings.* Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 8.09. *Notices.* All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand or by courier and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed or (c) if sent by facsimile



transmission and fax confirmation is received, on the next business day following the date on which such facsimile transmission was sent. Addresses for notice to either party are as shown on the signature page of this Agreement, or such other address as any party shall have given by written notice to the other party as provided above.

Section 8.10. *Binding Effect.* (a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and executors, administrators, personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all, or a substantial part of the business or assets of the Company, by written agreement in the form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(c) The indemnification and advancement of Expenses provided by, or granted pursuant to this Agreement shall continue as to a person who has ceased to be a director, officer, employee or agent or is deceased and shall inure to the benefit of the heirs, executors, administrators, legatees and assigns, of such a person.

Section 8.11. *Governing Law.* This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules.

Section 8.12. *Consent To Jurisdiction.* Except with respect to any arbitration commenced by Indemnitee pursuant to Section 6.01(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such

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action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 8.13. *Headings.* The Article and Section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 8.14. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 8.15. *Use of Certain Terms.* As used in this Agreement, the words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection, or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

COMPANY

By: \_\_\_\_\_  
Name:  
Title:

Address:  
Facsimile:  
Attention:

With a copy to:

Address:  
Facsimile:  
Attention:

INDEMNITEE

\_\_\_\_\_  
Address:  
Facsimile:

With a copy to:

Address:  
Facsimile:  
Attention:

AMENDED AND RESTATED  
MASTER TRANSFER AGREEMENT

among

THE FIRST AMERICAN CORPORATION,  
FIRST AMERICAN REAL ESTATE INFORMATION SERVICES, INC.,

FIRST AMERICAN REAL ESTATE SOLUTIONS, LLC,

FADV HOLDINGS LLC,

and

FIRST ADVANTAGE CORPORATION

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Dated as of June 20, 2005

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AMENDED AND RESTATED  
MASTER TRANSFER AGREEMENT

This AMENDED AND RESTATED MASTER TRANSFER AGREEMENT (as the same may be amended, modified and supplemented from time to time, this "Agreement") is entered into as of June 20, 2005 by and among THE FIRST AMERICAN CORPORATION, a California corporation ("First American"); FIRST AMERICAN REAL ESTATE INFORMATION SERVICES, INC., a California corporation ("FAREISI"); FIRST AMERICAN REAL ESTATE SOLUTIONS, LLC, a California limited liability company ("FARES"); FADV HOLDINGS LLC, a Delaware limited liability company ("Newco"); and FIRST ADVANTAGE CORPORATION, a Delaware corporation ("FADV"; First American, FAREISI, FARES, Newco and First Advantage are each a "Party" and are collectively the "Parties").

WITNESSETH:

WHEREAS, First American, FAREISI, FARES and FADV previously entered into that certain Master Transfer Agreement, dated as of May 25, 2005 (the "Original Agreement");

WHEREAS, First American, FAREISI, FARES and FADV wish to amend and restate the Original Agreement as provided herein;

WHEREAS, as of immediately prior to Closing (as defined below), Newco will be the beneficial owner of (a) all of the issued and outstanding (i) capital stock of North American CREDCO, Inc., a Delaware corporation ("NA CREDCO"); First Canadian CREDCO, Inc., an Ontario corporation ("FC CREDCO"); First American Credit Management Solutions, Inc., a Delaware corporation ("CMSI"); CMSI Credit Services, Inc., a Maryland corporation ("Credit Services"); Teletrack, Inc., a Georgia corporation ("Teletrack"); and Teletrack Canada, Inc., an Ontario corporation ("Teletrack Canada"); (ii) membership interests of CreditReportPlus, LLC, a Maryland limited liability company ("Credit Report+"); and (iii) capital stock of Bar None, Inc., a Delaware corporation ("Bar None"); and (b) 4,071,618 shares of Series A-2 Preferred Stock of DealerTrack Holdings, Inc., a Delaware corporation ("DealerTrack"), and 1,357,206 shares of Series C-3 Preferred Stock of DealerTrack (collectively, the "DealerTrack Interest");

WHEREAS, as of immediately prior to Closing, Newco will be the record owner of all of the issued and outstanding (a) capital stock of First American Membership Services, Inc., a California corporation ("Membership Services"); and (b) membership interests of CIG Investments, LLC, a Delaware limited liability company ("CIG");

WHEREAS, as of immediately prior to Closing, (a) FARES will be the record owner of a 50.1% membership interest in RELS, LLC, a Delaware limited liability company ("RELS"); and (b) Newco will be the owner of the securities, assets, properties and rights constituting FARES' CREDCO Division (collectively, the "CREDCO Division"), including all of the issued and outstanding capital stock of First American Credco of Puerto Rico, Inc., a Delaware corporation ("PR CREDCO");

WHEREAS, the companies, assets, properties and rights referred to in the above recitals (other than the DealerTrack Interest, Bar None, RELS and the XRES Business (as defined below)) comprise First American's Credit Information Segment (the "Business"); and

WHEREAS, First American, FAREISI, FARES and Newco (each, a "Contributor" and collectively, "Contributors") desire to contribute or cause the contribution, and FADV desires to accept the contribution, of the Business, Bar None and the DealerTrack Interest pursuant to the terms and conditions of this Agreement and the Related Agreements (as defined below).

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, representations, warranties and agreements herein contained, the Parties hereby amend and restate the Original Agreement in its entirety as follows:

ARTICLE I.  
DEFINITIONS AND INTERPRETATIONS

1.1 Defined Terms. In this Agreement the following words and expressions shall have the following meanings (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise; provided that FADV and its Subsidiaries shall not be deemed to be Affiliates of any Contributor for purposes of this Agreement, and Contributors and their Subsidiaries shall not be deemed to be Affiliates of FADV for purposes of this Agreement.

"Agreement" has the meaning provided in the introductory paragraph.

"Assignment and Assumption Agreement" has the meaning provided in Section 4.1(o).

"Assignment of Intellectual Property" has the meaning provided in Section 4.1(p).

"Audited Financial Statements" has the meaning provided in Section 6.2(l).

"Bill of Sale" has the meaning provided in Section 4.1(n).

"Beaverton Lease Assignment" has the meaning provided in Section 4.1(f).

"Business" has the meaning provided in the sixth recital.

"Business Day" means any day, other than a Saturday, Sunday or other day on which banks located in Los Angeles, California or St. Petersburg, Florida are authorized or required by law to close.



“Certificate of Amendment” has the meaning provided in Section 5.4.

“CIG” has the meaning provided in the fourth recital.

“Class A Common Stock” means FADV’s Class A common stock, par value \$0.001 per share.

“Class B Common Stock” means FADV’s Class B common stock, par value \$0.001 per share.

“Closing” has the meaning provided in Section 4.2.

“Closing Date” has the meaning provided in Section 4.2.

“CMSI” has the meaning provided in the third recital.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

“Common Stock” means the Class A Common Stock and the Class B Common Stock.

“Company” and “Companies” means, as the context requires, any or all of NA CREDCO; FC CREDCO; CMSI; Credit Services; Teletrack; Teletrack Canada; Credit Report+; Membership Services; CIG; and PR CREDCO.

“Confidentiality Agreement” has the meaning provided in Section 5.2(c).

“Contract” means any contract, agreement, understanding, note, bond, mortgage, indenture, guarantee, license, franchise, commitment, lease or instrument, whether oral or written, including all amendments and supplements thereto and restatements thereof.

“Contribution Agreement” and “Contribution Agreements” means the First American Contribution Agreement and/or the FARES Contribution Agreement, as the context may require.

“Contributor” and “Contributors” has the meaning provided in the seventh recital.

“CREDCO Division” has the meaning provided in the fifth recital.

“Credit Report+” has the meaning provided in the third recital.

“Credit Services” has the meaning provided in the third recital.

“DealerTrack” has the meaning provided in the third recital.

“DealerTrack Interest” has the meaning provided in the third recital.

“eAppraiseIT Sublease” has the meaning provided in Section 4.1(i).

“Ellie Mae” has the meaning provided in Section 5.10(a).

“Encumbrances” means all liens, security interests, options, rights of first refusal, claims, easements, mortgages, charges, indentures, deeds of trust, rights of way, restrictions on the use of real property, encroachments, licenses to third parties, leases to third parties, security agreements and any other encumbrances and other restrictions or limitations on use or irregularities in title thereto.

“Entity” means any Person that is not a natural person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FADV” has the meaning provided in the introductory paragraph.

“FADV Note” has the meaning provided in Section 2.6.

“FAIG Sublease” has the meaning provided in Section 4.1(j).

“FAREISI” has the meaning provided in the introductory paragraph.

“FARES” has the meaning provided in the introductory paragraph.

“FARES Contribution Agreement” has the meaning provided in Section 4.1(b).

“FC CREDCO” has the meaning provided in the third recital.

“Final Proxy Statement” has the meaning provided in Section 5.4.

“First American” has the meaning provided in the introductory paragraph.

“First American Contribution Agreement” has the meaning provided in Section 4.1(a).

“GAAP” means United States generally accepted accounting principles applied on a consistent basis.

“GE Sublease” has the meaning provided in Section 4.1(d).

“Governmental Entity” means any instrumentality, subdivision, court, administrative agency, commission, official or other authority of the United States or any other country or any state, province, prefect, municipality, locality or other government or political subdivision thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

“Indebtedness” of any Person shall mean and include (a) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (b) amounts owing as deferred purchase price for property or services, including all stockholder notes and “earn-out” payments, (c) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, (d) commitments or

obligations by which such Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (e) indebtedness secured by an Encumbrance on assets or properties of such Person, (f) obligations under any interest rate, currency or other hedging agreement or (g) guarantees or other contingent liabilities (including so-called take-or-pay or keep-well agreements) with respect to any indebtedness, obligation, claim or liability of any other Person of a type described in clauses (a) through (f) above.

“Independent Committee” has the meaning provided in Section 6.1(f).

“Material Adverse Effect” means, (a) when used with respect to any Contributor, (i) any material adverse change in or effect on the properties, assets, businesses, liabilities, results of operations or condition (financial or otherwise) of the Business, taken as a whole, and (ii) any materially adverse change in or effect on (including any material delay) the ability of such Contributor to perform its respective obligations under this Agreement or any Related Agreement to which such Contributor is a party, (b) when used with respect to the Business, (i) any material adverse change in or effect on the properties, assets, businesses, liabilities, results of operations or condition (financial or otherwise) of the Business, taken as a whole, and (c) when used with respect to FADV, (i) any material adverse change in or effect on the properties, assets, businesses, liabilities, results of operations or condition (financial or otherwise) of FADV and its Subsidiaries, taken as a whole, and (ii) any materially adverse change in or effect on (including any material delay) the ability of FADV to perform its obligations under this Agreement or any Related Agreement to which FADV is a party; provided, however, that the term “Material Adverse Effect” shall not include any adverse change or effect that is proximately caused by (1) conditions affecting the United States economy generally or the economy of the regions in which the applicable Person and its Subsidiaries (if any), taken as a whole, conducts a material part of its business, (2) changes in financial markets, (3) conditions affecting the industries in which the applicable Person and its Subsidiaries (if any) compete or (4) the announcement, or other disclosure, of the Transaction (to the extent such announcement or disclosure is not effected in contravention of any term of this Agreement) or the consummation of the Transaction (including compliance by such Person with its covenants hereunder).

“Membership Services” has the meaning provided in the fourth recital.

“NA CREDCO” has the meaning provided in the third recital.

“Newco” has the meaning provided in the introductory paragraph.

“New York Lease Assignment” has the meaning provided in Section 4.1(g).

“Officer” has the meaning provided in Rule 16a-1(f) promulgated under the Exchange Act.

“Ordinary Course” means, with respect to any Person, the ordinary course of commercial operations customarily engaged in by such Person, consistent with past practices (including with respect to quantity and frequency).

“Original Agreement” has the meaning provided in the first recital.

“Party” or “Parties” has the meaning provided in the introductory paragraph.

“Person” means and includes any individual, partnership, joint venture, association, joint stock company, corporation, trust, limited liability company, unincorporated organization, a group and a government or other department, agency or political subdivision thereof.

“Portal Agreement” and “Portal Agreements” have the meanings provided in [Section 5.10](#).

“Poway Lease” has the meaning provided in [Section 4.1\(e\)](#).

“PR CREDCO” has the meaning provided in the fifth recital.

“Preliminary Proxy Statement” has the meaning provided in [Section 5.4](#).

“Related Agreements” has the meaning provided in [Section 4.1](#).

“RELS” has the meaning provided in the fifth recital.

“SEC” has the meaning provided in [Section 5.4](#).

“Standstill Agreement” has the meaning provided in [Section 6.3\(i\)](#).

“Stockholders Meeting” has the meaning provided in [Section 5.6\(b\)](#).

“Subsidiary” means, with respect to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (b) any Entity (other than a corporation) in which such Person and/or one more Subsidiaries of such Person has more than a 50% equity interest or otherwise controls the management and affairs of such Entity (including the power to veto any material act or decision); provided that FADV and its Subsidiaries shall not be deemed to be Subsidiaries of First American for purposes of this Agreement.

“Teletrack” has the meaning provided in the third recital.

“Teletrack Canada” has the meaning provided in the third recital.

“Transaction” means the contribution of the Business, Bar None and the DealerTrack Interest to FADV pursuant to the Related Agreements and the other transactions contemplated by this Agreement and the Related Agreements.

“XRES Business” has the meaning provided in FARES Contribution Agreement.

“XRES Lease Assignment” has the meaning provided in [Section 4.1\(h\)](#).

## 1.2 Principles of Construction.

(a) All references to Articles, Sections and subsections are to Articles, Sections and subsections in this Agreement unless otherwise specified. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “including” is not limiting and means “including without limitation.”

(b) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

(c) In the computation of periods of time from a specified date to a later specified date, the words “from” and “within” mean “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including.”

(d) The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

(e) In the event that the final day of any time period provided herein does not fall on a Business Day, such time period shall be extended such that the final day of such period shall fall on the next Business Day thereafter.

(f) This Agreement is the result of negotiations among and has been reviewed by each Party’s counsel. Accordingly, this Agreement shall not be construed against any Party merely because of such Party’s involvement in its preparation.

## ARTICLE II. REPRESENTATIONS OF CONTRIBUTORS

Each Contributor severally, and not jointly, represents, warrants and agrees in favor of FADV, as of the date of this Agreement and as of the Closing Date (unless a representation speaks as of a specific date, in which case, as of such date), as follows:

### 2.1 Existence and Good Standing; Binding Effect; Power.

(a) Each of First American and FAREISI (i) is a corporation validly existing and in good standing under the laws of the State of California and (ii) has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) FARES (i) is a limited liability company validly existing and in good standing under the laws of the State of California and (ii) has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(c) Newco (i) is a limited liability company validly existing and in good standing under the laws of the State of Delaware and (ii) has all requisite limited liability

company power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

2.2 Capacity; Binding Effect. Each Contributor has the requisite organizational power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement by each Contributor has been duly authorized and approved by all necessary organizational action of such Contributor. This Agreement has been duly executed and delivered by each Contributor, and assuming the due execution and delivery of the other Parties hereto, constitutes its valid and binding agreement, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and equitable principles relating to or affecting the rights of creditors generally from time to time in effect.

2.3 Restrictive Documents. Assuming the receipt of any and all consents of third parties in connection with the contribution of the Business, Bar None and the DealerTrack Interest to FADV under the Related Agreements (other than the consents listed on Schedule 6.2(f)), no Contributor is subject to, or a party to, any charter, bylaw, mortgage, lien, lease, license, permit, Contract, instrument, law, rule, ordinance, regulation, order, judgment or decree, or any other restriction of any kind or character, which would reasonably be expected to have a material adverse effect on (including any material delay) the ability of such Contributor to perform its respective obligations under this Agreement or any Related Agreement to which such Contributor is a party.

2.4 Litigation. There is no action, suit, proceeding at law or in equity, arbitration or administrative or other proceeding by or before (or to the knowledge of any Contributor any investigation by) any Governmental Entity or other instrumentality or agency, pending, or, to the knowledge of any Contributor, threatened, against or affecting such Contributor that would reasonably be expected to have a material adverse effect on (including any material delay) the ability of such Contributor to perform its respective obligations under this Agreement or any Related Agreement to which such Contributor is a party. No Contributor is subject to any judgment, order or decree entered in any lawsuit or proceeding which would reasonably be expected to have a material adverse effect on (including any material delay) the ability of such Contributor to perform its respective obligations under this Agreement or any Related Agreement to which such Contributor is a party.

2.5 Consents and Approvals; No Violations. The execution and delivery of this Agreement by each Contributor and the consummation of the transactions contemplated hereby by each Contributor will not (a) violate any provision of its organizational documents, (b) violate any statute, ordinance, rule, regulation, order or decree of any court or any Governmental Entity applicable to such Contributor, (c) require any filing with, or permit, consent or approval of, or the giving of any notice to, any Governmental Entity having authority over such Contributor, or (d) require any consent or approval of, or the giving of any notice to, any shareholder or member of any Contributor other than the notice and consent contemplated by Section 6.1(i), (e) assuming the receipt of any and all consents of third parties in connection with the contribution of the Business, Bar None and the DealerTrack Interest to FADV under the Related Agreements (other than the consents listed on Schedule 6.2(f)), result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or give rise to any

right of termination, cancellation, payment or acceleration) under, increase in obligations or loss of rights, or result in the creation of any Encumbrance upon any of the properties or assets of the Business under, any of the terms, conditions or provisions of any Contract to which such Contributor or any of its Affiliates is a party and which relates to the Business, or by which such Contributor's or its Affiliates' properties or assets constituting all or a part of the properties or assets of the Business may be bound.

2.6 Newco. Newco is a newly formed entity that (a) immediately prior to consummation of the Transaction will be owned 61.25% by First American, 1.16% by FAREISI, and 37.58% by FARES, (b) has not conducted, and will not prior to Closing conduct, any business other than (i) the receipt of the Business, Bar None, the XRES Business, the DealerTrack Interest and the Promissory Note in the original principal amount of \$20 million, dated as of April 27, 2004, made by FADV in favor of First American (the "FADV Note"), from the other Contributors by way of a contribution immediately prior to Closing substantially on the terms described to FADV in connection with the amendment and restatement of the Original Agreement and (ii) upon consummation of the Transaction, the contribution of the Business, Bar None, the XRES Business and the DealerTrack Interest to FADV or its wholly-owned Subsidiary pursuant to this Agreement and the Related Agreements, (c) has no indebtedness or other liabilities, whether contingent or otherwise, other than (i) its obligations under and as contemplated by this Agreement and the Related Agreements and (ii) the indebtedness and other liabilities of the Business, Bar None, the XRES Business, the DealerTrack Interest and the FADV Note during the period from its receipt of the contribution of the Business, Bar None, the XRES Business, the DealerTrack Interest and the FADV Note from the other Contributors to its contribution thereof to FADV or its wholly-owned Subsidiary pursuant to the terms hereof and the Related Agreements, and (d) has not and will not, during the period from its receipt of the contribution of the Business, Bar None, the XRES Business, the DealerTrack Interest and the FADV Note from the other Contributors to its contribution thereof to FADV or its wholly-owned Subsidiary pursuant to the terms hereof and the Related Agreements, changed or modified any of the assets or liabilities related to the Business, Bar None, the XRES Business, the DealerTrack Interest or the FADV Note.

ARTICLE III.  
REPRESENTATIONS OF THE BUYER

FADV represents, warrants and agrees in favor of each Contributor, as of the date of this Agreement and as of the Closing Date (unless a representation or warranty speak as of a specific date, in which case, as of such date), as follows:

3.1 Existence and Good Standing; Binding Effect; Power. FADV (i) is a corporation validly existing and in good standing under the laws of the State of Delaware; (ii) has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted; and (iii) is duly qualified and/or licensed to conduct its business, and is in good standing, in each jurisdiction in which the character or location of the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or licensed would not have a Material Adverse Effect on FADV.

3.2 Capacity; Binding Effect. FADV has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and, assuming the stockholders of FADV and the Independent Committee (as defined below) duly approve of the transactions contemplated by this Agreement as required by Sections 6.1(d) and (f), respectively, performance of this Agreement by FADV has been duly authorized and approved by all necessary corporate and stockholder action of FADV. This Agreement has been duly executed and delivered by FADV, and assuming the due execution and delivery of the other Parties hereto, constitutes its valid and binding agreement, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws and equitable principles relating to or affecting the rights of creditors generally from time to time in effect.

3.3 Restrictive Documents. FADV is not subject to, or a party to, any charter, bylaw, mortgage, lien, lease, license, permit, Contract, instrument, law, rule, ordinance, regulation, order, judgment or decree, or any other restriction of any kind or character, which would reasonably be expected to have a material adverse effect on (including any material delay) the ability of FADV to perform its obligations under this Agreement or any Related Agreement to which FADV is a party.

3.4 Litigation. There is no action, suit, proceeding at law or in equity, arbitration or administrative or other proceeding by or before (or to the knowledge of FADV any investigation by) any Governmental Entity or other instrumentality or agency, pending, or, to the knowledge of FADV, threatened, against or affecting FADV that would reasonably be expected to have a material adverse effect on (including any material delay) the ability of FADV to perform its obligations under this Agreement or any Related Agreement to which FADV is a party. FADV is not subject to any judgment, order or decree entered in any lawsuit or proceeding which would reasonably be expected to have a material adverse effect on (including any material delay) the ability of FADV to perform its obligations under this Agreement or any Related Agreement to which FADV is a party.

3.5 Consents and Approvals; No Violations. Assuming the approval of the stockholders of FADV required by Section 6.1(d), and the filing of the Certificate of Amendment with the Delaware Secretary of State, the execution and delivery of this Agreement by FADV and the consummation of the transactions contemplated hereby by FADV will not (a) violate any provision of its organizational documents, (b) violate any statute, ordinance, rule, regulation, order or decree of any court or any Governmental Entity applicable to FADV, (c) require any filing with, or permit, consent or approval of, or the giving of any notice to, any Governmental Entity having authority over FADV, or (d) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, payment or acceleration) under, or result in the creation of any Encumbrance upon any of the properties or assets of FADV under, any of the terms, conditions or provisions of any Contract to which FADV is a party, or by which FADV or any of its properties or assets may be bound.



ARTICLE IV.  
THE TRANSACTION

4.1 Documents To Be Delivered by Parties. FADV and each applicable Contributor will deliver, and each will cause each of its appropriate Affiliates to deliver, as applicable, at Closing the following documents (collectively, and together with all agreements, certificates and documents contemplated by such agreements, the “Related Agreements”):

(a) a Contribution Agreement among First American, FAREISI, Newco and FADV substantially in the form attached hereto as Exhibit A (the “First American Contribution Agreement”);

(b) a Contribution Agreement among FARES, Newco and FADV substantially in the form attached hereto as Exhibit B (the “FARES Contribution Agreement”);

(c) a Subordinated Promissory Note between First American and FADV substantially in the form attached hereto as Exhibit C;

(d) a Sublease Agreement among General Electric Capital Corporation, FARES and FADV substantially in the form attached hereto as Exhibit D (the “GE Sublease”);

(e) a Lease Agreement between First American Title Insurance Company and FADV relating to the buildings located at 12385 and 12395 First American Way, Poway, California, 92064, substantially in the form attached hereto as Exhibit E (the “Poway Lease”);

(f) an Assignment of Lease Agreement and Consent among FARES, FADV and Opus Northwest, LLC in form and substance reasonably satisfactory to FARES, FADV and Opus Northwest, LLC (the “Beaverton Lease Assignment”), pursuant to which FARES will assign its rights, and FADV will assume FARES’ obligations, under the Lease Agreement, dated as of September 14, 2002, between Opus Northwest, LLC and FARES, relating to the property located at 1500 S.W. Bethany Boulevard, Suite 300, Beaverton, Oregon 97006.

(g) an Assignment of Lease Agreement and Consent among FARES, FADV and MagnaCare LLC in form and substance reasonably satisfactory to FARES, FADV and MagnaCare LLC (the “New York Lease Assignment”), pursuant to which FARES will assign its rights, and FADV will assume FARES’ obligations, under the Lease Agreement, dated as of August 18, 2004, between MagnaCare LLC and FARES d/b/a the CREDCO Division, relating to the property located at 825 East Gate Boulevard, Garden City, New York, 11530.

(h) an Assignment of Lease Agreement and Consent among FARES, FADV and Executive IV, LLC in form and substance reasonably satisfactory to FARES, FADV and Executive IV, LLC (the “XRES Lease Assignment”), pursuant to which FARES will assign its rights, and FADV will assume FARES’ obligations, under the Lease Agreement, dated November 27, 2001, between Executive IV, LLC and CBA Information Services, as amended by the First Amendment to Lease Agreement, as assigned to Experian Affiliate Acquisition, LLC pursuant to that certain Assignment and Assumption of Lease Agreement, dated January 23, 2004, between CBA Information Services and Experian Affiliate Acquisition, LLC and consented to by Executive IV, LLC, and as assigned to FARES pursuant to that certain

Assignment and Assumption of Lease Agreement, dated March 30, 2005, between Experian Affiliate Acquisition, LLC and FARES and consented to by Executive IV, LLC;

(i) a Sublease Agreement between First American Title Insurance Company and FADV relating to the portion of the buildings located at 12385 and 12395 First American Way, Poway, California, 92064, used by eAppraiseIT, LLC, substantially in the form attached hereto as Exhibit F (the “eAppraiseIT Sublease”);

(j) a Sublease Agreement between First American Title Insurance Company and FADV relating to the portion of the buildings located at 12385 and 12395 First American Way, Poway, California, 92064, used by First American Interactive Group, substantially in the form attached hereto as Exhibit G (the “FAIG Sublease”);

(k) an Amended and Restated Services Agreement between First American and FADV substantially in the form attached hereto as Exhibit H;

(l) an Outsourcing Agreement between First American and FADV substantially in the form attached hereto as Exhibit I;

(m) a Registration Rights Agreement between Experian Information Solutions, Inc. and FADV in form and substance reasonably satisfactory to FARES and FADV;

(n) one or more bills of sale in form and substance reasonably satisfactory to FARES and FADV (including the Independent Committee) (each, a “Bill of Sale”);

(o) one or more assignment and assumption agreements in form and substance reasonably satisfactory to FARES and FADV (including the Independent Committee) as reasonably requested by FADV to more fully assign to FADV the CREDCO Division (each, an “Assignment and Assumption Agreement”); and

(p) one or more assignment of intellectual property agreements relating to the assignment by Contributors of certain intellectual property used in the Business to FADV in form and substance reasonably satisfactory to FARES and FADV (each, an “Assignment of Intellectual Property”).

4.2 Closing. The closing of the contribution of the Business, Bar None and the DealerTrack Interest to FADV and the issuance of the Class B Common Stock under this Agreement and the Related Agreements (the “Closing”) shall take place at 10:00 a.m. local time at the offices of First American, 1 First American Way, Santa Ana, California, 92707, on July 31, 2005, or if later, as soon as practicable after all conditions precedent to the Closing described in Sections 6.1, 6.2 and 6.3 are met or waived, or such other date as First American and FADV (including the Independent Committee) shall mutually agree (the “Closing Date”).

ARTICLE V.  
CERTAIN COVENANTS

5.1 Conduct of Business Prior to Closing.

(a) Except as otherwise expressly contemplated by this Agreement or the Related Agreements, during the period from the date of this Agreement to the Closing Date, each Contributor shall cause the Business to be conducted only according to the Ordinary Course. Except as otherwise expressly contemplated by this Agreement or the Related Agreements, during the period from the date of this Agreement to the Closing Date, each Contributor shall use commercially reasonable efforts to preserve its business organizations, to keep available the services of its key officers, and to substantially maintain current relationships with material licensors, suppliers, distributors, customers and other third party business relationships; provided, however, that nothing in this sentence shall require any Contributor or its Affiliates to (1) take any action or refrain from taking any action that could cause a breach of any representation or warranty of the Contributors in this Agreement or in any of the Related Agreements, (2) repay any loan agreement or Contract for borrowed money in whole or in part, except as currently required by its terms, (3) amend any Contract to increase the amount payable thereunder or otherwise to be more burdensome to any Contributor or its Affiliates, (4) make any cash payment, provide any guaranty or relinquish any property or contractual rights, or (5) be required to commit to any divestiture transaction, agree to sell or hold separate or agree to license to competitors of such Contributor or its Affiliates, before or after the Closing Date, any of such Contributor's or its Affiliates' businesses, product lines, properties or assets (other than the Business pursuant to this Agreement and the Related Agreements), or agree to any changes or restrictions in the operation of such businesses, product lines, properties or assets. Without limiting the immediately preceding sentence, prior to the Closing Date, except as may be first approved in writing by the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of FADV or as expressly permitted by this Agreement or in the Related Agreements, each Contributor shall, and shall cause each Company to, cause the Business to refrain from:

- (i) increasing its Indebtedness;
- (ii) canceling or waiving any claim or right of substantial value;
- (iii) selling, leasing or otherwise disposing of any material asset or property used by the Business, other than in the Ordinary Course;
- (iv) entering into any Contract that is reasonably expected to generate annual revenue in excess of \$1,000,000, or amending any Contract that generated revenue in excess of \$1,000,000 for the twelve month period ended April 30, 2005;
- (v) liquidating or dissolving;
- (vi) changing its capital structure;
- (vii) entering into or amending any Contract with an Affiliate of any Contributor (or any director or Officer of a Contributor or any of its Affiliates or any "associates" or members of the "immediate family" (as such terms are respectively defined in

Rule 12b-2 and Rule 16a-1 promulgated under the Exchange Act) of any such director or Officer, other than Experian Information Solutions, Inc. and its Affiliates) other than on arms-length terms; and

(viii) writing off as uncollectible any notes or accounts receivable of the Business, except write-offs in the Ordinary Course.

(b) Except as otherwise expressly contemplated by this Agreement or the Related Agreements, during the period from the date of this Agreement to the Closing Date, each Contributor shall cause the business of Bar None and the XRES Business to be conducted only according to the Ordinary Course.

## 5.2 Due Diligence.

(a) FADV may, prior to the Closing Date, directly or through its representatives and advisers, review the properties, books and records of the Business and Bar None to the extent FADV deems reasonably necessary to familiarize itself with such properties, books and records, in a manner so as not to interfere with the normal business operation of the Business, Bar None and the Companies. Prior to the Closing Date, each Contributor shall, and shall cause each Company and Bar None, to permit FADV and its representatives to have reasonable access during normal business hours to the business operations, properties, and books and records of the Business and Bar None, and to cause the officers of each Contributor and each Company and Bar None to furnish FADV, subject to compliance by Contributors, Bar None and the Companies with all applicable restrictions imposed by law, rule, regulation or court order and subject to compliance by FADV and its representatives with the restrictions contained in any confidentiality agreement entered into by FADV, Contributors, Bar None or the Companies, the existence of which has been disclosed, with such financial and operating data and other information with respect to the Business and Bar None as FADV shall from time to time reasonably request, in a manner so as not to interfere with the normal business operation of the Business or Bar None.

(b) First American may, prior to the Closing Date, directly or through its representatives and advisers, review the properties, books and records of FADV to the extent First American deems reasonably necessary to familiarize itself with such properties, books and records, in a manner so as not to interfere with the normal business operation of the FADV and its Subsidiaries. Prior to the Closing Date, FADV shall, and shall cause its Subsidiaries to, permit First American and its representatives to have reasonable access during normal business hours to the business operations, properties, and books and records of FADV and its Subsidiaries, and to cause the officers of FADV and its Subsidiaries to furnish First American, subject to compliance by FADV with all applicable restrictions imposed by law, rule, regulation or court order and subject to compliance by Contributors and their representatives with the restrictions contained in any confidentiality agreement entered into by FADV, Contributors or the Companies, the existence of which has been disclosed, with such financial and operating data and other information with respect to FADV and its Subsidiaries as First American shall from time to time reasonably request, in a manner so as not to interfere with the normal business operation of FADV.

(c) In the event of a termination of this Agreement, FADV shall, and shall cause its Subsidiaries and each of their representatives and advisers to, keep confidential any information obtained from Contributors and any Subsidiaries thereof concerning any Contributor and its Subsidiaries and, at the request of any Contributor, shall return to Contributors all copies of any schedules, statements, documents or other written information obtained in connection herewith. In the event of a termination of this Agreement, Contributors shall, and shall cause their Subsidiaries and each of their representatives and advisers to, keep confidential any information obtained from FADV and any Subsidiaries thereof concerning FADV and its Subsidiaries and, at the request of FADV, shall return to FADV all copies of any schedules, statements, documents or other written information obtained in connection herewith. The Confidentiality Agreement between First American and FADV dated as of February 4, 2005 (the "Confidentiality Agreement") shall remain in full force and effect.

5.3 Commercially Reasonable Efforts. Subject to Section 5.8, until such time as this Agreement is terminated pursuant to Section 7.1, FADV and each Contributor shall each cooperate and use its respective commercially reasonable efforts to take, or cause to be taken, all necessary action, and to make, or cause to be made, all filings necessary under applicable laws and regulations to consummate and make effective the Transaction, including its respective commercially reasonable efforts to obtain, prior to the Closing Date, all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities as are necessary for consummation of the Transaction and to fulfill the conditions to the Transaction.

5.4 Proxy Statement. As soon as practicable following the date of this Agreement, FADV shall prepare and file with the Securities and Exchange Commission (the "SEC") a preliminary proxy statement and proxy meeting the requirements of Regulation 14A under the Exchange Act (the "Preliminary Proxy Statement") describing, among other things, the Transaction, and the proposals to be voted on by the stockholders of FADV at the Stockholders Meeting (as defined below), including (a) the approval of this Agreement, the Related Agreements and the Transaction by a majority of shares of Class A Common Stock (calculated without giving effect to beneficial holdings of Common Stock by First American, its Affiliates (including directors and officers of First American and its Affiliates), Donald Robert, and any member of management of FADV) present in person or represented by proxy at the Stockholders Meeting, and by a majority of shares of Common Stock present in person or represented by proxy at the Stockholders Meeting, and (b) the approval of an amendment to FADV's Certificate of Incorporation substantially in the form of Exhibit J hereto (the "Certificate of Amendment") by a majority of outstanding shares of Class A Common Stock (calculated without giving effect to beneficial holdings of Common Stock by First American, its Affiliates (including directors and officers of First American and its Affiliates), Donald Robert, and any member of management of FADV), and by a majority of outstanding shares of Common Stock. At the earliest time permitted by Rule 14a-6 of the Exchange Act, FADV shall prepare and file with the SEC a final proxy statement and proxy meeting the requirements of Regulation 14A under the Exchange Act covering the foregoing and, if necessary, including disclosure required by Nasdaq Marketplace Rule 4350(i)(2) (the "Final Proxy Statement"). Final forms of the Preliminary Proxy Statement and the Final Proxy Statement shall be subject to approval by First American, such approval not to be unreasonably withheld, conditioned or delayed. FADV shall use all commercially reasonable efforts to cause the Final Proxy Statement to be mailed as promptly as reasonably practicable. Each Party shall take such action as the other Parties may reasonably

request in connection with the preparation and filing of the Preliminary Proxy Statement and the Final Proxy Statement. If at any time prior to the mailing of the Final Proxy Statement any event or information should be discovered by any Party that should be set forth in the Final Proxy Statement, the Party discovering such event or information shall promptly inform the other Parties, and to the extent required by law, FADV will promptly file a revised proxy statement and proxy with the SEC and disseminate such revised proxy statement and proxy to FADV's stockholders as promptly as practicable.

5.5 Authorization. FADV has, or before the Closing Date will have, authorized the issuance and sale pursuant to the Contribution Agreements of 29,073,170 shares of its Class B Common Stock, plus an additional number of shares of its Class B Common Stock sufficient to (a) pay the DealerTrack Earnout (as defined in the First American Contribution Agreement) in full and (b) repay in full the amounts owing under the FADV Note in accordance with the First American Contribution Agreement. FADV has, or before the Closing will have, taken all action required under applicable federal and state laws in connection with the issuance of shares of Class B Common Stock in connection with the Transaction.

5.6 Stockholder Approval. Prior to Closing, FADV, acting through its Board of Directors, shall, in accordance with applicable law:

(a) mail a copy of the Final Proxy Statement to each of its stockholders;

(b) promptly and duly call, give notice of, convene and hold a special or annual meeting of its stockholders (the "Stockholders Meeting") for the purpose of voting upon this Agreement and the Related Agreements, the Certificate of Amendment and the Transaction, and FADV agrees that this Agreement, the Related Agreements, the Certificate of Amendment and the Transaction shall be submitted for approval at the Stockholders Meeting; and

(c) use its commercially reasonable efforts to obtain the stockholder approvals required by Section 6.1(d); provided, that nothing herein shall require any member of the Board of Directors of FADV to take any action that is inconsistent with his or her fiduciary duties under Delaware law.

5.7 Notices of Certain Events. Prior to Closing, each Contributor, on the one hand, and FADV, on the other:

(a) may elect at any time to notify the other Parties (i) of any development causing a breach or potential breach of any of its representations and warranties in this Agreement or any Related Agreement to which it is a party, or (ii) if the schedules to any Related Agreement deliverable by such Party are not true and accurate in all material respects; and

(b) shall promptly deliver written notice to the other Parties if it obtains knowledge that (i) the representations and warranties of such other Party or Parties, as the case may be, in this Agreement or the Related Agreements to which it is or they are a party are not true and accurate in all material respects, or (ii) the schedules to any Related Agreement deliverable by such other Party or Parties, as the case may be, are not true and accurate in all material respects.

Notwithstanding the foregoing, unless FADV or any Contributor has the right to terminate this Agreement pursuant to Section 7.1(i), (j), (k) or (l) by reason of any of the foregoing and exercises that right within the period of time provided in such Sections, the notice of the foregoing will be deemed to have amended the disclosure schedules delivered by any Contributor or FADV, respectively, to have qualified the representations and warranties of such Parties in the relevant Articles of the First American Contribution Agreement or the FARES Contribution Agreement, as applicable, and to have cured any misrepresentation or breach of warranty that otherwise might have existed under such Contribution Agreement by reason of the development.

#### 5.8 Consents and Further Assurances.

(a) Each Contributor agrees that it will, and it will cause the Companies and Bar None to, use commercially reasonable efforts to obtain the written consent of any other necessary party to the assignment of any Contract or undertaking constituting a part of the Business to be transferred under the Related Documents and, to the extent that any such Contract or undertaking requiring such consent is transferred or assigned pursuant to the terms of the Related Agreements without such consent, each Contributor shall, and shall cause the Companies and Bar None to, cooperate with FADV in any lawful arrangement designed to provide FADV the benefits of such Contract or undertaking; provided, however, that, in order to obtain any such consent, no (a) loan agreement or Contract for borrowed money shall be repaid except as currently required by its terms, in whole or in part, (b) Contract shall be amended to increase the amount payable thereunder or otherwise to be more burdensome to any Contributor or its Affiliates, (c) Contributor or its Affiliates shall be required to make any cash payment, provide any guaranty or relinquish any property or contractual rights and (d) Contributor or its Affiliates shall, and no Contributor or its Affiliates shall be required to, commit to any divestiture transaction, agree to sell or hold separate or agree to license to competitors of such Contributor or its Affiliates, before or after the Closing Date, any of such Contributor's or its Affiliates' businesses, product lines, properties or assets, or agree to any changes or restrictions in the operation of such businesses, product lines, properties or assets.

(b) Subject to the proviso in (a) above, on or after the Closing Date and without further consideration, FADV and each Contributor shall from time to time execute and deliver such further instruments of conveyance, assignment and transfer and shall take, or cause to be taken, such other action as any other Party may reasonably request for the more effective conveyance, assignment and transfer to FADV of any part of the Business as contemplated by this Agreement and the Related Agreements, and each shall lend its assistance in the effectuation of the intentions and purposes of this Agreement and the Related Agreements.

#### 5.9 Use of Names.

(a) Notwithstanding any other provision of this Agreement and the Related Agreements, no interest in or right to use the names "The First American Corporation," "First American Real Estate Solutions," "First American Information Services," "First American" or any derivation thereof, or the respective logos, names, trademarks, service marks, trade names or any derivatives thereof, are being transferred hereunder or under the Related Agreements.

(b) FADV agrees that it will as promptly as practicable, but in any event within one hundred eighty (180) calendar days following the date of delivery of a written request by First American, cause any of its Subsidiaries to change its corporate name and/or the name under which it does business to remove "First American" and any derivations thereof. FADV further agrees that it will, and will cause its Subsidiaries to, as promptly as practicable, but in any event within one hundred eighty (180) calendar days following the date of delivery of a written request by First American, discontinue the use of "First American" and all logos, names, trademarks, service marks, trade names or any derivatives thereof, and to remove or obliterate them from all signs, packaging stock, letterhead, labels, websites, and other materials used or produced by FADV or its Subsidiaries and Affiliates, except as otherwise permitted by Contributors.

5.10 Portal Agreements. From and after the Closing, FADV agrees to perform the obligations of First American, FAREISI, FARES and their respective Affiliates (including the CREDCO Division) with respect to the provision of credit reports and related products and services under the following agreements (each, a "Portal Agreement" and collectively, the "Portal Agreements"):

(a) the Services Agreement, dated as of February 1, 2001, by and between Ellie Mae, Inc. ("Ellie Mae") and First American, as amended by Amendment No. 1 to Services Agreement, dated as of October 12, 2001, by and between Ellie Mae and First American and by Amendment No. 2 to Services Agreement, dated as of June 10, 2002 by and between Ellie Mae and First American; and

(b) the Retained Portal Agreements (as defined in the FARES Contribution Agreement);

as each such Portal Agreement existed on the date hereof. FADV shall fulfill such obligations under the Portal Agreements in the same or better manner and with the same or better quality as First American, FAREISI, FARES and their respective Affiliates (including the CREDCO Division) were fulfilling their respective obligations thereunder prior to the Closing. FADV's obligations under each Portal Agreement pursuant to this Section 5.10 shall expire upon the expiration of the term of such Portal Agreement, as such term was specified in the relevant Portal Agreement on the date hereof. To the extent First American, FAREISI, FARES or one of their respective Affiliates receives payment for services rendered by FADV pursuant to this Section 5.10, First American, FAREISI or FARES shall, or shall cause such Affiliates to, remit to FADV such payment within five (5) Business Days of receipt thereof.

5.11 Bar None. Within thirty (30) days of the date hereof, First American shall contribute to Bar None an amount in cash equal to \$1,500,000. Prior to Closing, First American shall not permit Bar None to pay any cash dividends or other distributions to its stockholders. On or prior to Closing, First American shall assume the obligations of Bar None under the Promissory Note, dated May 25, 2005, in the original principal amount of \$1,000,000, made by Bar None in favor of Francis A. Tarkenton.



ARTICLE VI.  
CONDITIONS PRECEDENT

6.1 Conditions of all Parties. The obligation of each of the Parties to consummate the Transaction is subject to the satisfaction or waiver by such Party (including, in the case of FADV, the Independent Committee) on or before the Closing, of the following conditions precedent:

(a) Injunction. No preliminary or permanent injunction or other order shall have been issued by any court or by any Governmental Entity which prohibits or restrains the consummation of the Transaction and which is in effect on the Closing Date.

(b) Statutes; Governmental Approvals. No statute, rule, regulation, executive order, decree or order of any kind shall have been enacted, entered, promulgated or enforced by any court or other Governmental Entity which prohibits the consummation of the Transaction; all governmental and other consents and approvals necessary to permit the consummation of the Transaction shall have been received; any waiting period (and any extension thereof) in connection with the foregoing shall have expired or been terminated.

(c) No Litigation. As of the Closing Date, no action or proceedings shall have been threatened or instituted before a court or other Governmental Entity or by any public authority challenging the legality of the Transaction, or restraining or prohibiting the consummation of the Transaction.

(d) Stockholders Meeting; Approval of FADV's Stockholders. The Stockholders Meeting shall have occurred and (i) this Agreement, the Related Agreements and the Transaction shall have been duly approved by a majority of shares of Class A Common Stock (calculated without giving effect to beneficial holdings of Common Stock by First American, its Affiliates (including directors and officers of First American and its Affiliates), Donald Robert, and any member of management of FADV) present in person or represented by proxy at the Stockholders Meeting, and by a majority of shares of Common Stock present in person or represented by proxy at the Stockholders Meeting, and (ii) the Certificate Amendment shall have been duly approved by a majority of outstanding shares of Class A Common Stock (calculated without giving effect to beneficial holdings of Common Stock by First American, its Affiliates (including directors and officers of First American and its Affiliates), Donald Robert, and any member of management of FADV), and by a majority of outstanding shares of Common Stock or such other vote as may be required under applicable law and FADV's certificate of incorporation and bylaws, and the Stockholders Meeting and such stockholder approvals shall have been obtained in accordance with applicable law and FADV's certificate of incorporation and bylaws.

(e) Certificate of Amendment. The Certificate of Amendment shall have been filed with the Delaware Secretary of State and all proceedings necessary therefor shall have been taken by FADV and its directors and stockholders.

(f) FADV Board Committee Approval. In addition to the approval of the FADV's Board of Directors required under Delaware law, a committee of independent directors

appointed by FADV's Board of Directors meeting independence requirements of Nasdaq Marketplace Rule 4200(15) (the "Independent Committee") shall have, at a meeting duly called and held in accordance with FADV's certificate of incorporation and bylaws, acting with a quorum throughout, (i) approved this Agreement, the Related Agreements and the Transaction for purposes of Nasdaq Marketplace Rule 4350(h), (ii) determined that the Transaction, taken as a whole, is fair to and in the best interests of the stockholders of FADV, and (iii) resolved to recommend that the stockholders of FADV approve this Agreement, the Related Agreements and the Transaction, including the adoption and filing of the Certificate of Amendment.

(g) Contributor Board Approval. First American's Board of Directors shall have approved of this Agreement, the Transaction and each Related Agreement.

(h) Note. The original FADV Note shall have been delivered to Newco and marked "Cancelled."

(i) Consent. Experian Information Solutions, Inc. shall have provided to FARES a written consent to FARES' participation in the Transaction in form and substance reasonably satisfactory to First American and FADV.

6.2 Conditions of FADV. The obligation of the FADV to consummate the Transaction is additionally subject to the satisfaction or waiver by FADV (including the Independent Committee) on or before the Closing Date of the following conditions precedent:

(a) Truth of Representations and Warranties. The representations and warranties of each Contributor contained herein and in the Related Agreements to which such Contributor is a party shall be true and accurate in all material respects, in each case at and as of the date of this Agreement or such Related Agreement, as applicable, and as of the Closing Date (except to the extent a representation or warranty speaks specifically as of another date (in which case such representation and warranty shall be true and accurate in all material respects as of such date) or as expressly provided for in this Agreement or a Related Agreement), and an officer of each Contributor shall have delivered to FADV a certificate dated the Closing Date to such effect.

(b) Performance of Agreements. All of the agreements of each Contributor to be performed at or prior to the Closing pursuant to this Agreement and the Related Agreements to which such Contributor is a party shall have been duly performed in all material respects, and an officer of each Contributor shall have delivered to FADV a certificate dated the Closing Date to such effect.

(c) Good Standing and Charter Documents.

(i) First American shall have delivered, or caused to be delivered, to FADV:

(A) a copy of the articles or certificate of incorporation (or other charter document) of First American, NA CREDCO, FC CREDCO, CMSI, Credit Services, Teletrack, Teletrack Canada and Bar None, including all amendments thereto, certified by the Secretary of State or other appropriate official of the jurisdiction of organization of each such

entity as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date;

(B) a copy of the bylaws, including all amendments thereto, of First American, NA CREDCO, FC CREDCO, CMSI, Credit Services, Teletrack, Teletrack Canada and Bar None, certified by First American's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date;

(C) a copy of the articles of organization of Credit Report+, certified by the Maryland State Department of Assessments and Taxation as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date, and a copy of the operating agreement of Credit Report+, including all amendments thereto, certified by First American's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date;

(D) a copy of the certificate of formation of Newco certified by the Secretary of State of Delaware as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date, and a copy of the operating agreement of Newco, including all amendments thereto, certified by First American's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date; and

(E) a certificate from the Secretary of State or other appropriate official of the jurisdiction of organization to the effect that First American, Newco, NA CREDCO, FC CREDCO, CMSI, Credit Services, Teletrack, Teletrack Canada, Credit Report+ and Bar None are each in good standing or validly existing in its jurisdiction of organization as of a date not more than ten (10) days prior to the Closing Date.

(ii) FAREISI shall have delivered, or caused to be delivered, to FADV:

(A) a copy of the articles of incorporation, including all amendments thereto, of FAREISI and Membership Services, certified by the Secretary of State of California as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date;

(B) a copy of the bylaws, including all amendments thereto, of FAREISI and Membership Services, certified by FAREISI's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date;

(C) a copy of the certificate of organization of CIG, certified by the Secretary of State of Delaware as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date, and a copy of the operating agreement of CIG, including all amendments thereto, certified by FAREISI's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date;

(D) certificates from the Secretary of State of Delaware to the effect that CIG and DealerTrack are each in good standing or validly existing in such State as of a date not more than ten (10) days prior to the Closing Date; and

(E) certificates from the Secretary of State of California to the effect that FAREISI and Membership Services are each in good standing or validly existing in such State as of a date not more than ten (10) days prior to the Closing Date.

(iii) FARES shall have delivered, or cause to be delivered, to FADV:

(A) a copy of the articles of organization of FARES, certified by the Secretary of State of California as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date, and a copy of the operating agreement of FARES, including all amendments thereto, certified by FARES' Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date;

(B) a copy of the certificate of incorporation of PR CREDCO, including all amendments thereto, certified by the Secretary of State of Delaware as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date;

(C) a copy of the bylaws, including all amendments thereto, of PR CREDCO, certified by FARES' Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date; and

(D) a certificate from the Secretary of State or other appropriate official of the jurisdiction of organization to the effect that FARES, and PR CREDCO is each in good standing or validly existing in its jurisdiction of organization as of a date not more than ten (10) days prior to the Closing Date.

(d) No Material Adverse Effect. As of the Closing Date there shall have been no Material Adverse Effect on the Business, and there shall not have occurred any change or development that would be reasonably likely to have a Material Adverse Effect on the Business.

(e) Certificates. Contributors shall have delivered or caused to have been delivered to FADV the certificates evidencing the following interests, properly endorsed in blank for transfer or accompanied by duly executed stock powers (or in lieu thereof an affidavit of lost certificate and an indemnification agreement reasonably acceptable to FADV) or, if any of the following interests are not certificated, Contributors shall have caused the transfers thereof to have been duly recorded on the books and records of the applicable issuer:

(i) all of the issued and outstanding shares of Common Stock of NA CREDCO;

(ii) all of the issued and outstanding shares of Common Stock of CMSI;

(iii) all of the issued and outstanding shares of Common Stock of Teletrack;

(iv) all of the issued and outstanding shares of Common Stock of Membership Services;

(v) all of the outstanding membership interests of CIG;

(vi) all of the issued and outstanding shares of Common Stock of PR CREDCO; and

(vii) all of the issued and outstanding shares of Common Stock of Bar None.

(f) Consents. Bank of America, N.A. shall have provided to FADV a written consent to the Transaction. Each third party with a Contract relating to the Business set forth on Schedule 6.2(f) shall have provided to FADV a written consent to the assignment of the applicable Contract to FADV as contemplated by the Transaction if assignment is required by the terms of such Contract.

(g) Proceedings. As of the Closing Date, all corporate proceedings of Contributors to be taken in connection with the transactions contemplated by this Agreement, the Related Agreements and all documents incident hereto and thereto shall be reasonably satisfactory in form and substance to FADV, and FADV shall have received copies of all such documents and other evidences as it may reasonably request in order to establish the consummation of such transactions and the taking of all corporate proceedings in connection therewith.

(h) Related Agreements. Each of the Related Agreements shall have been duly executed and delivered by the parties thereto (other than the FADV).

(i) Corporate Record Books; DealerTrack Interest. Contributors shall have delivered or caused to have been delivered to FADV the original corporate record books and stock or membership interest record books of the Companies and Bar None, and the certificates evidencing the DealerTrack Interest and the outstanding capital stock or equity interests, as applicable, held by each Company that owns one or more Subsidiaries, including all of the issued and outstanding shares of Common Stock of FC CREDCO, all of the issued and outstanding shares of Common Stock of Credit Services, all of the issued and outstanding shares of Teletrack Canada, and all of the outstanding membership interests of Credit Report+ (or in lieu thereof an affidavit of lost certificate and an indemnification agreement reasonably acceptable to FADV).

(j) Resignation Letters. Contributors shall have delivered to FADV the resignation letters of all members of the boards of directors and management committees of the Companies and Bar None and/or any officer of the Companies and Bar None as FADV shall have requested at or prior to the Closing, together with an acknowledgment that they have no prior or present claim whatsoever against the Company or Companies for which they served or Bar None, as applicable, in connection with so acting as directors and/or officers.

(k) Opinion of FADV Financial Advisor. The Independent Committee shall have been advised in writing by its financial advisor, Morgan Stanley & Co., that in such advisor's opinion, as of May 23, 2005, the price to be paid for contribution of the Business and the DealerTrack Interest under the Related Agreements is fair to FADV from a financial point of view.

(l) Audited Financial Statements. First American shall have delivered, or caused to have been delivered, to FADV the audited and unaudited financial statements of the Business required to be included in FADV's filings with the SEC (the "Audited Financial Statements"), including the Preliminary Proxy Statement, and such Audited Financial Statements shall be consistent in all material respects with all of the Financial Statements (as defined in each Contribution Agreement) considered as a whole.

6.3 Conditions of Contributors. The obligations of each Contributor to consummate the Transaction are additionally subject to the satisfaction or waiver on or before the Closing Date of the following conditions precedent:

(a) Truth of Representations and Warranties. The representations and warranties of FADV contained herein and in the Related Agreements to which it is a party shall be true and accurate in all material respects, in each case at and as of the date of this Agreement or such Related Agreement, as applicable, and as of the Closing Date (except to the extent a representation or warranty speaks specifically as of another date (in which case such representation and warranty shall be true and accurate in all material respects as of such date) or as expressly provided for in this Agreement or a Related Agreement), and an officer of FADV shall have delivered to Contributors a certificate dated the Closing Date to such effect.

(b) Performance of Agreements. All of the agreements of FADV to be performed at or prior to the Closing pursuant to this Agreement and the Related Agreements to which FADV is a party shall have been duly performed in all material respects, and an officer of FADV shall have delivered to Contributors a certificate dated the Closing Date to such effect.

(c) Good Standing and Charter Documents. FADV shall have delivered, or caused to be delivered, to Contributors (i) a copy of the certificate of incorporation of FADV, including all amendments thereto, certified by the Secretary of State of Delaware as being true and correct and in effect as of a date not more than ten (10) days prior to the Closing Date; (ii) a copy of the bylaws, including all amendments thereto, of FADV, certified by FADV's Secretary or Assistant Secretary as being true and correct and in effect on the Closing Date; and (iii) a certificate from the Secretary of State of Delaware to the effect that FADV is in good standing or validly existing in Delaware as of a date not more than ten (10) days prior to the Closing Date.

(d) No Material Adverse Effect. As of the Closing Date there shall have been no Material Adverse Effect on FADV, and there shall not have occurred any change or development that would be reasonably likely to have a Material Adverse Effect on FADV.

(e) Class B Common Stock Certificates. FADV shall have delivered or caused to have been delivered to Newco an aggregate total of 30,048,780 shares of Class B Common Stock.

(f) Notice. FADV shall have timely delivered to the Nasdaq National Market the notice required by Nasdaq Marketplace Rule 4310(c)(17)(D).

(g) Proceedings. As of the Closing Date, all corporate proceedings of FADV to be taken in connection with the transactions contemplated by this Agreement, the Related Agreements and all documents incident hereto and thereto shall be reasonably satisfactory in

form and substance to Contributors, and Contributors shall have received copies of all such documents and other evidences as they may reasonably request in order to establish the consummation of such transactions and the taking of all corporate proceedings in connection therewith.

(h) Related Agreements. The Related Agreements to which FADV is a party shall have been duly executed and delivered by the parties thereto (other than Contributors).

(i) Standstill Agreement. FADV shall have delivered to Contributors a written waiver of FADV's rights under the Standstill Agreement, dated as of June 5, 2003, between First American and FADV (the "Standstill Agreement"), with respect to the Transaction, and FADV shall have delivered to Contributors the written approval of the Transaction by a majority of the Disinterested Directors (as defined in the Standstill Agreement).

(j) Opinion of First American Financial Advisor. First American shall have been advised in writing by its financial advisor, Lehman Brothers, that in such advisor's opinion, as of May 25, 2005, the price to be received for contribution of the Business and the DealerTrack Interest under the Related Agreements is fair to Contributors from a financial point of view.

ARTICLE VII.  
TERMINATION

7.1 Events of Termination. This Agreement may be terminated in whole, but not in part, as follows:

(a) at any time by mutual written agreement of the Parties;

(b) by FADV, by written notice to First American if the conditions set forth in Sections 6.1 and 6.2 hereof shall not have been complied with or performed on or prior to the one hundred twentieth (120<sup>th</sup>) calendar day from the date hereof (or such later date as the Parties may have agreed to in writing) in any material respect and FADV shall not have materially breached any of its representations, warranties, covenants or agreements contained herein;

(c) by First American, by written notice to FADV if the conditions set forth in Sections 6.1 and 6.3 hereof shall not have been complied with or performed on or prior to the one hundred twentieth (120<sup>th</sup>) calendar day from the date hereof (or such later date as the Parties may have agreed to in writing) in any material respect and no Contributor shall have materially breached any of its representations, warranties, covenants or agreements contained herein;

(d) by First American or FADV, by written notice to the other, if the Board of Directors of FADV or the Independent Committee shall have withdrawn or adversely modified its approval or recommendation of the Transaction;

(e) by FADV or First American, by written notice to the other Parties, if a court of competent jurisdiction or other Governmental Entity shall have issued a final, non-appealable order, decree or ruling, or taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Transaction;

(f) by either First American or FADV, by written notice to the other, if at the Stockholders Meeting (including any adjournment or postponement thereof), the requisite vote of the stockholders of FADV in favor of this Agreement, the Related Agreements and the Transaction, including approval of the Certificate of Amendment, shall not have been obtained as required by Section 6.1(d);

(g) by either First American or FADV, by written notice to the other, if Morgan Stanley & Co., FADV's financial advisor, withdraws its opinion referred to in Section 6.2(k) or otherwise notifies the Board of Directors of FADV that it may no longer rely on such opinion;

(h) by either First American or FADV, by written notice to the other, if Lehman Brothers, First American's financial advisor, withdraws its opinion referred to in Section 6.3(j) or otherwise notifies the Board of Directors of First American that it may no longer rely on such opinion;

(i) by FADV by written notice to First American delivered prior to the Closing, if FADV reasonably determines that the developments set forth in any notice delivered by Contributors under Section 5.7, together with any developments set forth in any other notice or notices delivered by Contributors under Section 5.7, will result in a material breach of any representation or warranty of First American or FAREISI contained in the First American Contribution Agreement;

(j) by FADV by written notice to First American delivered prior to the Closing, if FADV reasonably determines that the developments set forth in any notice delivered by Contributors under Section 5.7, together with any developments set forth in any other notice or notices delivered by Contributors under Section 5.7, will result in a material breach of any representation or warranty of FARES contained in the FARES Contribution Agreement;

(k) by First American by written notice to FADV delivered prior to the Closing, if First American reasonably determines that the developments set forth in any notice delivered by FADV under Section 5.7, together with any developments set forth in any other notice or notices delivered by FADV under Section 5.7, will result in a material breach of any representation or warranty of FADV contained in the First American Contribution Agreement;

(l) by First American by written notice to FADV delivered prior to the Closing, if First American reasonably determines that the developments set forth in any notice delivered by FADV under Section 5.7, together with any developments set forth in any other notice or notices delivered by FADV under Section 5.7, will result in a material breach of any representation or warranty of FADV contained in the FARES Contribution Agreement; or

(m) in whole and not in part by FADV, by written notice to First American, if, as a condition to receiving the approval of the Transaction by any Governmental Entity, FADV or any of its Subsidiaries or Affiliates shall be required to, or required to agree to, (i) divest, sell or hold separate or agree to license to its competitors, before or after the Closing Date, any of FADV's, its Subsidiaries' or Affiliates', the Business' or Bar None's businesses, product lines, properties or assets, (ii) make any material changes or accept material restrictions in the



operation of such businesses, product lines, properties or assets or (iii) make any changes or accept any restrictions in any of FADV's, its Subsidiaries' or Affiliates', the Business' or Bar None's businesses, product lines, properties, assets, or to this Agreement, the Related Agreements or the Transaction.

7.2 Effect of Termination. In the event that this Agreement shall be terminated pursuant to Section 7.1, all further obligations of the Parties under this Agreement (other than pursuant to Sections 5.2(c) (Confidentiality), 9.2 (Expenses) and 9.3 (Confidentiality), which shall continue in full force and effect) shall terminate without further liability or obligation of any Party to any other Party hereunder; provided, however, that no Party shall be released from liability hereunder if this Agreement is terminated and the Transaction abandoned by reason of (a) willful failure of such Party to have performed its obligations hereunder and (b) any knowing misrepresentation made by such Party of any matter set forth herein.

#### ARTICLE VIII.

##### NONSURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 General. Except for the covenants and agreements in Section 5.1 and the covenants and agreements which, by their express terms, are to be performed after the Closing Date, none of the representations, warranties, covenants and agreements of the Parties in this Agreement shall survive the Closing, and thereafter no Party and no Subsidiary, officer, director, member, manager or employee of any such Party, shall have any liability under this Agreement with respect to any such representation, warranty, covenant or agreement except for liabilities arising from intentional fraud, willful (tortious or illegal) misconduct or criminal acts.

#### ARTICLE IX.

##### MISCELLANEOUS

9.1 Knowledge. Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Person, the Person making such representation or warranty confirms that the senior executive officers of such Person have made a reasonable inquiry of the managers reporting to them as to the matters that are the subject of such representations and warranties.

9.2 Expenses. Except as expressly provided herein, each Party shall bear its own (a) costs incurred as a result of the Transaction, including payments to third parties, if any, to obtain their consent to such transfer and (b) professional fees and related costs and expenses (including fees, costs and expenses of accountants, attorneys, benefits specialists, investment banks, financial advisors, tax advisors and appraisers) incurred by it in connection with the preparation, execution and delivery of this Agreement and the Related Agreements and the Transaction.

9.3 Publicity; Confidentiality. Except as otherwise required by law, neither First American (and its Affiliates) nor FADV (and its Affiliates) shall issue any press release or make any other public statement, in each case relating to, connected with or arising out of this Agreement or the Related Agreements or the matters contained herein or therein, without obtaining the prior written consent of the other to the contents and the manner of presentation and publication thereof, which consent shall not be unreasonably or untimely withheld, delayed

or conditioned; provided, however, that either First American or FADV may, without the prior written consent of the other, issue any such press release or other public statement as may, upon the advice of counsel, be required by law or the rules or regulations of the New York Stock Exchange or the Nasdaq National Market, as applicable, if it has used all reasonable efforts to consult with the other.

#### 9.4 Governing Law; Jurisdiction.

(a) The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the laws of the State of New York (exclusive of conflict of laws principles) applicable to agreements executed and to be performed solely within such State.

(b) Each of the Parties hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York state court sitting in the borough of Manhattan, New York, or Federal court of the United States of America in the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Related Agreements or the agreements delivered in connection herewith or therewith or the Transaction or for recognition or enforcement of any judgment relating thereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in such courts, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court, (iii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such New York State or Federal court and (iv) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such New York State or Federal court. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE RELATED AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED AGREEMENTS AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (iii) IT MAKES SUCH WAIVERS VOLUNTARILY AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.4.

9.5 Notices. Any notice or other communication required or permitted under this Agreement shall be sufficiently given if delivered in person or sent by facsimile or by registered or certified mail, postage prepaid, addressed as follows:

(a) If to FADV, to:

First Advantage Corporation  
One Progress Plaza  
Suite 2400  
St. Petersburg, Florida 33701  
Facsimile: (727) 214-3401  
Attention: John Long  
Julie Waters

with a copy (which shall not constitute notice) to:

Independent Committee  
c/o Davis Polk & Wardwell  
450 Lexington Avenue  
New York, New York 10017  
Facsimile: (212) 450-3800  
Attention: John H. Butler

(b) If to any Contributor other than FARES, to:

The First American Corporation  
1 First American Way  
Santa Ana, California 92707  
Facsimile: (714) 800-3325  
Attention: Parker Kennedy  
Kenneth DeGiorgio

with a copy (which shall not constitute notice) to:

White & Case LLP  
633 West Fifth Street, Suite 1900  
Los Angeles, California 90071  
Facsimile: (213) 687-0758  
Attention: Neil W. Rust

(c) If to FARES, to:

The First American Corporation  
1 First American Way  
Santa Ana, California 92707  
Facsimile: (714) 800-3325  
Attention: Parker Kennedy  
Kenneth DeGiorgio

and

Experian Information Solutions, Inc.  
475 Anton Boulevard  
Costa Mesa, California 92626  
Facsimile: (714) 830-2513  
Attention: Senior Vice President and Lead Counsel

with a copy (which shall not constitute notice) to:

White & Case LLP  
633 West Fifth Street, Suite 1900  
Los Angeles, California 90071  
Facsimile: (213) 687-0758  
Attention: Neil W. Rust

or such other address or number as shall be furnished in writing by any such Party. Except for a notice of a change of address, which shall be effective only upon receipt thereof, all such notices, requests, demands, waivers and communications properly addressed shall be effective: (i) if sent by U.S. mail, three (3) Business Days after deposit in the U.S. mail, postage prepaid; (ii) if sent by FedEx or other overnight delivery service, one (1) Business Day after delivery to such service; (iii) if sent by personal courier, upon receipt; and (iv) if sent by facsimile, upon receipt.

9.6 Parties in Interest. This Agreement may not be transferred, assigned, pledged or hypothecated by any Party hereto, other than by operation of law, except that FADV may assign any of its rights and benefits (but not its obligations) hereunder to any of its wholly-owned subsidiaries. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

9.7 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument.

9.8 Entire Agreement. This Agreement, including the Related Agreements, the Confidentiality Agreement and the other documents referred to herein and therein, and in the exhibits and schedules thereto which form a part thereof, contains the entire understanding of the Parties with respect to the subject matter contained herein and therein. This Agreement, including the Related Agreements, the Confidentiality Agreement and the other documents referred to herein and therein, supersedes all prior oral and written agreements and understandings between the Parties with respect to such subject matter.

9.9 Amendments. This Agreement may not be amended or modified orally, but only by an agreement in writing signed by the Parties and consented to by the Independent Committee; provided that non-substantive changes to the Exhibits attached hereto may be made by the Parties without the consent of the Independent Committee.

9.10 Severability. If any term, provision, agreement, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, agreements, covenants and restrictions of

this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

9.11 Extension; Waiver. At any time prior to the Closing, the Parties may, to the extent legally allowed, but shall not be obligated to, (a) extend the time for performance of any of the obligations or other acts of the other Parties, (b) waive any inaccuracies in the representations and warranties of the other Parties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions of the other Parties contained herein; provided that, except as otherwise permitted by this Agreement, any extension or waiver granted by FADV shall require the consent of the Independent Committee to be effective. Any agreement on the part of a Party to any such extension or waiver shall be valid only if and to the extent set forth in a written instrument signed by such Party.

9.12 Third Party Beneficiaries. Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties.

9.13 Consent. FADV hereby consents to First American's assignment of the FADV Note to Newco.

\* \* \*

IN WITNESS WHEREOF, each Party has caused its name to be hereunto subscribed by its duly authorized signatory as of the day and year first above written.

THE FIRST AMERICAN CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

FIRST AMERICAN REAL ESTATE INFORMATION SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

FIRST AMERICAN REAL ESTATE SOLUTIONS, LLC

By: \_\_\_\_\_  
Name:  
Title:

FADV HOLDINGS LLC

By: \_\_\_\_\_  
Name:  
Title:

-Signature Page-  
Master Transfer Agreement

By: \_\_\_\_\_  
Name:  
Title:

-Signature Page-  
Master Transfer Agreement



**First Advantage Corporation (FADV)**  
**Senior Executive Annual Incentive Program**  
**Program Term Sheet/Summary — Fiscal Year 2005**

*The Annual Incentive Program provides incentive compensation based on goal achievement. If performance hurdles are achieved or exceeded, bonus payments will result; however, if performance hurdles are not met, no bonuses will be paid. The Compensation Committee of the Board of Directors has formally approved this program and reserves the right to interpret and possibly amend aspects of this Bonus Program.*

**1. AWARD OPPORTUNITIES**

Your FY2005 Target Bonus Award Opportunity will be based on a percentage of your Base Salary paid in FY2005. Your Target Award Opportunity for FY2005 is expressed below; more or less than Target may ultimately be earned:

<u>Executive Name</u>	<u>Target Award Opportunity (% of Base Salary)</u>
John Long	100%
John Lamson	100%
Akshaya Mehta	100%

If, at the conclusion of the Performance Period, you do not have 12 months of continuous service, your Award Opportunity shall be prorated for the number of full months worked through the end of the Performance Period divided by 12.

**2. PERFORMANCE TIME PERIOD**

The Performance Period will be the 12-month Fiscal Year and shall commence at the beginning of the Fiscal Year, or January 1, and shall conclude at the end of the Fiscal Year, or December 31.



### 3. PERFORMANCE MEASURES — SELECTION AND WEIGHTING

A combination of Financial and Non-Financial (i.e., Individual MBOs) Performance Measures will be utilized. For Financial Performance Measures, the selection and weighting for FY2005 are set forth below:

Executive Name	Performance Measure #1		Performance Measure #2		Performance Measure #3		Total Weight (A+B+C)
	Measure	Weight (A)	Measure	Weight (B)	Measure	Weight (C)	
John Long John Lamson Akshaya Mehta Evan Barnett	EPS	66 2/3%	Strategic MBOs	33 1/3%	<none>	<none>	100%
	Business Unit Pre-Tax Profit	50%	EPS	25%	Strategic MBOs	25%	100%

For Non-Financial Performance Measures/MBOs, a qualitative assessment after completion of the Fiscal Year will need to be made. In these cases, an assessment of the performance relative to the goals established at the beginning of the year will need to be made. The Chairman of the Board will make this assessment for the CEO's Non-Financial Performance Measures and the CEO will assess all other Participants' performance against their Non-Financial Measures.

In addition, bonus awards calculated above may be subject to a Compensation Committee Performance Modifier that can adjust calculated awards +/- 25%.

### 4. PERFORMANCE GOAL HURDLES FOR FY2005

The Financial portion of the total bonus opportunity will pay out based on the level of Performance Goal achievement for each Performance Measure specified for each eligible Participant. For FY2005, the Performance Goals are as follows:

Performance Hurdle	Award Payout (as a % of Target)	% of Targeted Goal that Must be Achieved
<b>Threshold</b>	25%	85%
<b>Target</b>	100%	100%
<b>Maximum</b>	150%	115%

Table Notes: Mathematical equal-distant interpolation shall be used to determine payments between performance hurdles.

### 5. TERMINATION PROVISIONS

In the event of your Termination of employment, the Compensation Committee shall, in its sole discretion, determine the amount, timing, and form or any Bonus Payments payable. For FY2005, it is the Compensation Committee's intention to pay Bonuses in following manner, depending upon the type of Termination:

Type of Termination	Treatment of Award	How Determine Payout?	Timing of Award	Form of Award
Voluntary Quit or Resignation	Award is 100% forfeited.	n/a	n/a	n/a

Qualified Reduction in Force/Layoff	Prorated Award opportunity equal to the # of full months worked in Fiscal Year.	Payout based on actual, full-year performance achievement.	Prorated Award will be paid at regularly scheduled payment date.	In cash.
Qualified Retirement				
Qualified Disability				
Death		Payout at Target.	Immediate payout.	
Change-in-Control	Full 100% of Award Opportunity.	Higher of (1) Target or (2) Actual Performance to-date.	Immediate payout.	

Note: The Compensation Committee shall have full authority to determine and interpret the type of Termination applicable to each individual Participant.

**6. OTHER CONSIDERATIONS**

- Participants must be currently employed by the Company and in “good standing” (per Human Resources Department) on the date of actual bonus disbursement.
- In the event of a salary adjustment during the Performance Period, Award Opportunity shall be prorated based on the proportion of time spent at the corresponding salaries and targeted bonus levels.

**Chief Executive Officer**

I, John Long, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2005

/s/ JOHN LONG

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John Long  
Chief Executive Officer

**Chief Financial Officer**

I, John Lamson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2005

/s/ JOHN LAMSON

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John Lamson  
Chief Financial Officer

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Date: August 15, 2005*

*/s/ JOHN LONG*

*John Long*

*Chief Executive Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Date: August 15, 2005*

*/s/ JOHN LAMSON*

*John Lamson*

*Chief Financial Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.