SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

COMMISSION FILE NO. 1-9396

FIDELITY NATIONAL FINANCIAL, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	86-0498599 (I.R.S. EMPLOYER IDENTIFICATION NO.)
17911 VON KARMAN AVENUE, SUITE 300 IRVINE, CALIFORNIA 92614 (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)	(949) 622-4333 (REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.0001 PAR VALUE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 [X] No [ ]

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

As of March 16, 2001, 78,207,911 shares of Common Stock ($.0001 par value) were outstanding, and the aggregate market value of the shares of the Common Stock held by non-affiliates of the registrant was $2,226,326,392.

The information in Part III hereof is incorporated herein by reference to the registrant's Proxy Statement on Schedule 14A for the fiscal year ended December 31, 2000, to be filed within 120 days after the close of the fiscal year that is the subject of this Report.

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PART I

ITEM 1. BUSINESS

We are the largest title insurance and diversified real estate related services company in the United States. Our title insurance underwriters -- Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title -- together issued approximately 30% of all title insurance policies issued nationally during 1999. We provide title insurance in 49 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands, and in Canada and Mexico.

In addition, we provide a broad array of escrow and other title related services, as well as real estate related services, including:

- collection and trust activities
- trustee's sales guarantees
- recordings
- reconveyances
- property appraisal services
- credit reporting
- exchange intermediary services in connection with real estate transactions
- real estate tax services
- home warranty insurance
- foreclosure posting and publishing services
- loan portfolio services
- flood certification
- field services

All dollars presented in this document are in thousands, except per share amounts and unless indicated otherwise.

MARKET FOR TITLE INSURANCE

The market for title insurance in the United States is large and growing. According to Corporate Development Services, Inc., total revenues for the entire U.S. title insurance industry grew from $6.0 billion in 1997 to $8.7 billion in 1999, which represented a compound annual growth rate of 20%. Growth in the industry is closely tied to various macroeconomic factors, including, but not limited to, growth in the gross national product, inflation, interest rates and sales of new and existing homes as well as the refinancing of previously issued mortgages.

Virtually every real estate transaction consummated in the U.S. requires the use of title insurance by a lending institution before a transaction can be finalized. Generally, revenues from title insurance policies are directly correlated with the value of the property underlying the title policy, and appreciation in the overall value of the real estate market drives growth in total industry revenues. Industry revenues are also driven by swings in interest rates, which affect demand for new mortgage loans and refinancing transactions.

The U.S. title insurance industry is concentrated among a handful of industry participants. According to Corporate Development Services, the top five title insurance companies accounted for 89% of net premiums collected in 1999. Over 40 independent title insurance companies accounted for the remaining 11% of net premiums collected in 1999. Over the last few years, the title insurance industry has been consolidating, beginning with the merger of Lawyers Title Insurance and Commonwealth Land Title Insurance in 1998 to create LandAmerica Financial Group, Inc., followed by our acquisition of Chicago Title in March 2000. Consolidation has created opportunities for increased financial and operating efficiencies for the industry's largest participants and should continue to drive profitability and market share in the industry.

STRATEGY

Our strategy is to maximize operating profits by increasing our market share in the title insurance business and by aggressively and effectively managing operating expenses throughout the real estate business cycle. In addition, we plan to broaden our market penetration by focusing on our real estate related services. To accomplish our goals, we intend to:

- Operate each of our five title brands independently. We believe that in order to maintain and strengthen our title insurance revenue base, we must leave the Fidelity Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title brands intact and operate them independently. Entrepreneurship and close customer relationships are an integral part of the culture at each of our title brands. We believe that this culture of independence aids in employee retention, which is critical to the operating success of each brand.

- Consistently deliver high quality products with superior customer service. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. We continue to focus our marketing efforts and distribution network to serve our customers in the residential, institutional and commercial market sectors.

- Implement our disciplined operating philosophy throughout the Chicago Title brands. We have introduced our key standard operating metrics at Chicago Title, Ticor Title and Security Union Title. We monitor opened and closed orders per employee and revenue per employee on a weekly basis at all of our brands. While we aggressively monitor personnel costs with revenues, we have not sacrificed and will not sacrifice our level of customer service to increase these metrics.

- Employ our industry-leading technology to enhance efficiency and simplify the title insurance research process. Through our majority owned information technology services subsidiary, Micro General Corporation, a full-service enterprise solutions enabler offering a complete range of information technology services, we are preparing for the beta launch of our Net Global Solutions system in 2001. This browser-based real estate documentation system, when implemented in 2001, will provide us with the necessary platform to begin to make meaningful progress in increasing the efficiencies of the title insurance research and issuance process. Our Next Generation System will allow data retrieval and file access from remote locations, thereby allowing complete workflow mobility among all of our title insurance brands as well as our real estate related subsidiaries. We also plan to offer the use of this system to our agents.

- Continue to expand the scope and breadth of the real estate related products and services we offer. We plan to maximize the value of the Fidelity brand through the penetration of our real estate related products and services into our large, diverse customer base. We have consolidated most of the real estate related products and services we offer, which include property appraisal, credit reporting, flood certification, real estate tax services, home warranty insurance, foreclosure posting and publishing, exchange intermediary services, loan portfolio services and field services, under the Fidelity brand. We are also developing a national real estate information database, which we believe will allow us to improve the value and content of our existing information products, to market customized real property information products directly to real estate brokers and their customers and reduce expenditures to, and reliance upon, third party data vendors.

RECENT DEVELOPMENTS

On March 20, 2000, we merged with Chicago Title Corporation pursuant to an Agreement and Plan of Merger dated August 1, 1999 and amended on October 13, 1999. Prior to the merger, Chicago Title was one of the nation's largest providers of title insurance and real estate related services for residential and commercial real estate transactions. For the year ended December 31, 1999, Chicago Title had revenues of $2.0 billion and net earnings of $105.8 million. As of December 31, 1999, Chicago Title had total assets of $1.9 billion. At the time of the merger, Chicago Title had more than 340 full service offices and approximately 4,100 policy-issuing agents in 49 states, Puerto Rico, the U.S. Virgin Islands, Guam and Canada, which are now part of our operations.

On January 3, 2001, we acquired International Data Management Corporation, or "IDM," a leading provider of real estate information services. IDM's real estate information databases contains over 100 million real property ownership and sales records from the continental United States. The databases are updated daily to reflect new sales, mortgage information and other changes in real property ownership. Our acquisition of IDM contributes to our strategy of expanding the scope and breadth of the real estate related products and services we offer.

On January 24, 2001, we issued 8,050,000 shares of our common stock at a public offering price of $33.50 per share. Proceeds from this offering, net of underwriting discounts and commissions and other related expenses were $256.2 million. Net proceeds of $249.5 million were used to pay down indebtedness. The remainder of the cash proceeds are available for general corporate purposes.

INDUSTRY OVERVIEW

Title Insurance Policies. Generally, real estate buyers and mortgage lenders purchase title insurance to insure good and marketable title to real estate. Today, virtually all real property mortgage lenders require their borrowers to obtain a title insurance policy at the time a mortgage loan is made. Title insurance premiums are based upon either the purchase price of the property insured or the amount of the mortgage loan. Title insurance premiums are due in full at the closing of the real estate transaction, and the policy generally terminates upon the resale or refinancing of the property.

Prior to issuing policies, underwriters can reduce or eliminate future claim losses by accurately performing searches and examinations. A title company's predominant expense relates to such searches and examinations, the preparation of preliminary title reports, policies or commitments and the maintenance of title "plants," which are indexed compilations of public records, maps and other relevant historical documents. Claim losses generally result from errors or mistakes made in the title search and examination process and from hidden defects such as fraud, forgery, incapacity, missing heirs or refinancing of the property.

Commercial real estate title insurance policies insure title to commercial real property, and generally involve higher coverage amounts and yield higher premiums, thereby generating greater profit margins than title policies for residential real estate transactions. Prior to the Chicago Title merger, we issued primarily residential real property title insurance policies. In the Chicago Title merger, we acquired Chicago Title's National Commercial & Industrial business group, which specializes in meeting the needs of clients involved in large commercial transactions. As discussed later under the heading "Economic Factors Affecting Industry," the volume of commercial real estate transactions is affected primarily by fluctuations in local supply and demand conditions for office space, while residential real estate transaction volume is primarily affected by macroeconomic and seasonal factors. Thus, we believe the addition of Chicago Title's commercial real estate title insurance base will help in maintaining uniform revenue levels throughout the seasons.

Losses and Reserves. While most other forms of insurance provide for the assumption of risk of loss arising out of unforeseen events, title insurance serves to protect the policyholder from risk of loss from events that predate the issuance of the policy. As a result, claim losses associated with issuing title policies are less expensive when compared to other insurance underwriters. The maximum amount of liability under a title insurance policy is usually the face amount of the policy plus the cost of defending the insured's title against an adverse claim.

Reserves for claim losses are based upon known claims, as well as losses we expect to incur based upon historical experience and other factors, including industry averages, claim loss history, legal environment, geographic considerations, expected recoupments and the types of policies written. We also accrue reserves for losses arising from escrow, closing and disbursement functions due to fraud or operational error.

A title insurance company can minimize its losses by having strict quality control systems and underwriting standards in place. These controls increase the likelihood that the appropriate level of diligence is conducted in completing a title search so that the possibility of potential claims is significantly mitigated. In the case of independent agents, who conduct their own title searches, the agency agreement between the agent and the title insurance underwriter gives the underwriter the ability to proceed against the agent when a loss arises from a flawed title search.

Courts and juries sometimes award damages against insurance companies, including title insurance companies, in excess of policy limits. Such awards are typically based on allegations of fraud, misrepresentation, deceptive trade practices or other wrongful acts commonly referred to as "bad faith." Although we have not experienced damage awards materially in excess of policy limits, the possibility of such bad faith damage awards may cause us to experience increased costs and difficulty in settling title claims.

The maximum insurable amount under any single title insurance policy is determined by statutorily calculated net worth. The highest self-imposed single policy maximum insurable amounts for any of our title insurance subsidiaries is $100.0 million.

Direct and Agency Operations. We provide title insurance services through our direct operations and wholly owned underwritten title companies, and additionally through independent title insurance agents who issue title policies on behalf of title underwriters. Title underwriters determine the terms and conditions upon which they will insure title to the real property according to their underwriting standards, policies and procedures. In our direct operations, the title underwriter issues the title insurance policy and retains the entire premium paid in connection with the transaction. In our agency operations, the search and examination function is performed by an independent agent. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. Independent agents may select among several title underwriters based upon the amount of the premium "split" offered by the underwriter, the overall terms and conditions of the agency agreement and the scope of services offered to the agent. Premium splits vary by geographic region.

Our direct operations provide the following benefits:

- higher margins because we retain the entire premium from each transaction instead of paying a commission to an agent;

- continuity of service levels to a broad range of customers; and

- additional sources of income through escrow and other real estate related services, such as property appraisal services, collection and trust activities, real estate information and technology services, trustee's sales guarantees, credit reporting, flood certification, real estate tax services, reconveyances, recordings, foreclosure publishing and posting services and exchange intermediary services in connection with real estate transactions.

Economic Factors Affecting Industry. Title insurance revenue is closely related to the level of real estate activity and the average price of real estate sales. Real estate sales are directly affected by the availability of funds to finance purchases -- i.e., mortgage interest rates. Other factors affecting real estate activity include, but are not limited to, demand for housing, employment levels, family income levels and general economic conditions. We have found that residential real estate activity decreases in the following situations:

- when mortgage interest rates are high;

- when the mortgage funding supply is limited; and

- when the United States economy is weak.

Because commercial real estate transactions tend to be driven more by supply and demand for commercial space and occupancy rates in a particular area rather than by macroeconomic events, our commercial real estate title insurance business can generate revenues which offset the industry cycles discussed above.

Historically, real estate transactions have produced seasonal revenue levels for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The fourth calendar quarter is typically the strongest in terms of revenue due to commercial entities desiring to complete transactions by year-end. Significant changes in interest rates may alter these traditional seasonal patterns due to the effect the cost of financing has on the volume of real estate transactions.

TITLE INSURANCE OPERATIONS

Our direct operations are divided into approximately 200 profit centers consisting of more than 1,000 offices. Each profit center processes title insurance transactions within its geographical area, which is usually identified by a county, a group of counties forming a region, or a state, depending on the management structure in that part of the country. We also transact title insurance business through a network of over 7,000 agents, primarily in those areas in which agents are the more accepted title insurance provider.

The following table sets forth the approximate dollars and percentages of title insurance premium revenue by state. The year ended December 31, 2000, includes title insurance premium revenue by state, both in dollars and as a percentage of the total, on a pro forma basis, assuming the Chicago Title merger had been consummated on January 1, 2000.

	YEAR ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
	(DOLLARS IN THOUSANDS)					
California	$ 444,012	21.4%	$289,285	30.8%	$301,406	33.1%
Texas	321,740	15.5	179,490	19.1	178,407	19.6
New York	184,263	8.9	92,280	9.8	88,899	9.8
Florida	139,532	6.7	48,596	5.2	44,860	4.9
New Jersey	84,226	4.0	28,371	3.0	23,085	2.5
Michigan	80,688	3.9	24,324	2.6	23,233	2.6
All others	824,650	39.6	277,106	29.5	250,388	27.5
Totals	$2,079,111	100.0%	$939,452	100.0%	$910,278	100.0%

For the entire title insurance industry, 12 states accounted for 71.8% of title premiums written in the United States in 1999. California represented the single largest state with 18.0%.

We also analyze our business by examining the level of premiums generated by direct and agency operations. The following table presents the percentages of title insurance premiums generated by direct and agency operations:

	YEAR ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNTS	%	AMOUNTS	%	AMOUNTS	%
	(DOLLARS IN THOUSANDS)					
Direct	$ 811,621	41.7%	$407,769	43.4%	$425,551	46.7%
Agency	1,134,538	58.3	531,683	56.6	484,727	53.3
Total title insurance premiums	$1,946,159	100.0%	$939,452	100.0%	$910,278	100.0%

Our relationship with each agent is governed by an agency agreement, which states the conditions under which the agent is authorized to issue a title insurance policy on our behalf. The agency agreement also prescribes the circumstances under which the agent may be liable to us if a policy loss is attributable to the agent's errors. The agency agreement is usually terminable without cause upon 30 days' notice or immediately for cause. In determining whether to engage or retain an independent agent, we consider the agent's experience, financial condition, and loss history. For each agent with whom we enter into an agency agreement, we maintain financial and loss experience records. We also conduct periodic audits of our agents.

Escrow and Other Title Related Fees. In addition to fees for underwriting title insurance policies, we derive a significant amount of our revenues from escrow and other title related fees. The role generally taken by a title insurance company in a real estate transaction is that of an intermediary completing all the necessary documentation and services required for the completion of the real estate transaction.

In a typical residential transaction, a title insurance order is received from a realtor, lawyer, developer or mortgage lender. When a title order is received by the title insurance company or agent, the title search begins and the title order is now "open." Once documentation has been prepared and signed, mortgage lender payoff demands are in hand and documents have been ordered, the title order is considered "closed." A lawyer, an escrow company or a title insurance company or agent performs the closing function, most commonly referred to as an "escrow" in the western United States. The entity providing the closing function (the "closer") holds the seller's deed of trust and the buyer's mortgage until all issues relating to the transaction have been settled. After these issues have been cleared, the closer delivers the transaction documents, records the appropriate title documents in the county recorder's office and arranges the transfer of funds to pay off prior loans and extinguish the liens securing such loans. Title policies are then issued. The lender's policy insures the lender against any defect affecting the priority of the mortgage, in an amount equal to the outstanding balance of the related mortgage loan. The buyer's policy insures the buyer against defects in title, in an amount equal to the purchase price.

The combination of title insurance premiums and these escrow and other title related services allows us to generate a significant source of revenue.

Reinsurance. In the ordinary course of business, we reinsure certain risks with other title insurers for the purpose of limiting our maximum loss exposure. We also assume reinsurance for certain risks of other title insurers for the purpose of earning additional income. In addition, we cede a portion of certain policy and other liabilities under agent fidelity, excess of loss and case-by-case reinsurance agreements. Reinsurance agreements provide generally that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable in the event the reinsurer does not meet its contractual obligations. We have a $30.9 million reinsurance recoverable from Lloyds of London on claim loss expense recoverables as of December 31, 2000.

REAL ESTATE RELATED SERVICES

We also provide many of the specialized products and services required to execute and close real estate transactions that are not offered by our title insurance subsidiaries. The real estate related services we provide allow us to diversify from our core title business and yield higher profit margins than if we did not provide these services. These services include the following:

- Property appraisal services. We offer property appraisal services through a network of state-licensed contract appraisers. In addition, we provide detailed real estate property evaluation services to lending institutions utilizing artificial intelligence software, detailed real estate statistical analysis and physical property inspections.

- Credit reporting. We provide credit information reports to mortgage lenders nationwide, as well as a variety of related products to meet the ever-changing needs of the mortgage industry.

- Flood certification. Federal legislation passed in 1994 requires most mortgage lenders to obtain a property's flood zone status at the time a loan is originated. We provide these required flood zone determination reports to mortgage lenders nationwide.

- Real estate tax services. We advise lending and mortgage related institutions throughout the United States of the status of property tax payments that are due on properties securing their loans over the entire life of the loan. We protect lenders against losses from failing to monitor delinquent taxes.

- Home warranty insurance. We issue one-year, renewable insurance policies that protect homeowners against defects in household systems and appliances.

- Foreclosure posting and publishing. We offer posting and publication of foreclosure and auction notices to the real estate foreclosure industry.

- Exchange intermediary services. We provide customers with qualified exchanges under Section 1031 of the Internal Revenue Code, which allows customers to defer the payment of capital gain taxes on the sale of their investment property.

- Loan portfolio services. We provide a comprehensive line of document preparation and recording services on a national basis, including computerized tracking services, mortgage assignment and release preparation and due diligence and research services designed to resolve and retrieve missing or defective documents and obtain certified copies of documents and chain-of-title verification.

- Field services. We provide property inspection, preservation and maintenance services to mortgage lenders nationwide.

OTHER INCOME

Other income represents externally generated revenue by Micro General, FNF Capital and Express Network, which was sold in the second quarter of 2000.

Micro General has used its core system development transactional expertise to launch two new entities, escrow.com and TXMNet, Inc. escrow.com provides a service transaction environment for internet commerce, as well as online auctions and business-to-business exchanges, and TXMNet, Inc. provides automated decision-based products that manage real estate transactions over the internet.

MARKETING

We market and distribute our products and services to customers in the residential, institutional lender, and commercial market sectors of the real estate industry through customer solicitation by sales personnel. We actively encourage our sales personnel to develop new business relationships with persons in the real estate community, such as real estate sales agents and brokers, financial institutions, independent escrow companies and title agents, real estate developers, mortgage brokers and attorneys. While the focus of the smaller, local client remains important, large customers, such as national residential mortgage lenders, real estate investment trusts and developers are becoming increasingly important. The buying criteria of locally based clients differ from those of large, geographically diverse customers in that the former tend to emphasize personal relationships and ease of transaction execution, while the latter generally places more emphasis on consistent product delivery and ability of service providers to meet their information systems requirements for electronic product delivery. We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers, and we measure customer service in terms of quality, consistency and timeliness in the delivery of services.

COMPETITION

The title insurance industry is highly competitive. According to Corporate Development Services, the top five title insurance companies accounted for 89% of net premiums collected in 1999. Over 40 independent title insurance companies accounted for the remaining 11% of the market. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as First American Corporation, LandAmerica Financial Group, Inc., Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous independent agency operations at the regional and local level. These smaller companies may expand into other markets in which we compete. Also, the removal of regulatory barriers might result in new competitors entering the title insurance business, and those new competitors may include diversified financial services companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants could affect our business operations and financial condition.

We believe competition in the title insurance industry is based primarily on expertise, quality and timeliness of service, and price of products and services. In addition, the financial strength of the insurer has become an increasingly important factor in decisions relating to the purchase of title insurance, particularly in multi-state transactions and in situations involving real estate related investment vehicles such as real estate investment trusts and real estate mortgage investment conduits.

Our real estate related service subsidiaries face significant competition from other similar service providers. In addition, these customers may choose to produce these services internally rather than purchase them from outside vendors.

REGULATION

Title insurance companies, including underwriters, underwritten title companies and independent agents, are subject to extensive regulation under applicable state laws. Each insurance underwriter is usually subject to a holding company act in its state of domicile, which regulates, among other matters, the ability to pay dividends and investment policies. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders ("capital and surplus") requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. In 1998, the National Association of Insurance Commissioners approved codified accounting practices that changed the definition of what constitutes prescribed statutory accounting practices. This codification will result in changes to the accounting policies that insurance enterprises use to prepare their statutory financial statements commencing in 2001. We have evaluated the effects of these rules and believe that they will not have a material effect on the statutory capital and surplus of our insurance subsidiaries.

Pursuant to statutory accounting requirements of the various states in which our title insurance subsidiaries are licensed, those subsidiaries must defer a portion of premiums earned as an unearned premium reserve for the protection of policyholders and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined on a quarterly basis by statutory formula based upon either the age, number of policies, and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2000, the combined statutory unearned premium reserve required and reported for our title insurance subsidiaries was $698.7 million.

The insurance commissioners of their respective states of domicile regulate our title insurance subsidiaries. Regulatory examinations usually occur at three-year intervals, and certain of these examinations are currently ongoing. The Auditor Division of the Controller of the State of California is currently conducting an examination of the funds due the State of California under various escheatment regulations for the years ended on and prior to December 31, 1998. We have received a preliminary copy of the report and are continuing discussions with the Auditor Division of the Controller of the State of California to quantify amounts due, if any. We do not believe that the examinations performed by the insurance regulators or the Auditor Division of the Controller of the State of California will have a material impact on our financial position, our results of operations, or our combined capital and surplus.

Our title insurance subsidiaries are subject to regulations that restrict their ability to pay dividends or make other distributions of cash or property to their immediate parent company without prior approval from the Department of Insurance of their respective states of domicile. During 2001, our title insurance subsidiaries could pay dividends or make other distributions to us of $107.5 million.

The combined statutory capital and surplus of our title insurance subsidiaries was $463.1 million, $163.5 million and $164.3 million as of December 31, 2000, 1999 and 1998, respectively. The combined statutory earnings of our title insurance subsidiaries were $88.9 million, $43.6 million and $37.8 million for the years ended December 31, 2000, 1999 and 1998, respectively.

As a condition to continued authority to underwrite policies in the states in which our title insurance subsidiaries conduct their business, they are required to pay certain fees and file information regarding their officers, directors and financial condition. In addition, our escrow and trust business is subject to regulation by various state banking authorities.

Pursuant to statutory requirements of the various states in which our title insurance subsidiaries are domiciled, they must maintain certain levels of minimum capital and surplus. Each of our title underwriters has complied with the minimum statutory requirements as of December 31, 2000.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth of $7.5 million, $2.5 million and $3.0 million is required for Fidelity National Title Company, Fidelity National Title Company of California and Chicago Title Company, respectively. All of our companies are in compliance with their respective minimum net worth requirements at December 31, 2000.

RATINGS

Our title insurance subsidiaries are regularly assigned ratings by independent agencies designed to indicate their financial condition and/or claims paying ability. The ratings agencies determine ratings by quantitatively and qualitatively analyzing financial data and other information. Our subsidiaries include Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title. Ratings of our principal title insurance subsidiaries assigned during 2000, individually and collectively, are listed below:

Standard and Poor's (Financial Strength Rating)	
FNF Family..	A-
Moody's (Financial Strength Rating)	
FNF Family..	Baa1
Fitch (Claims Paying Ability Rating)	
FNF Family..	A-
Demotech, Inc. (Financial Stability Rating)	
Fidelity Title..	A'
Fidelity Title New York.....................................	A'
Chicago Title...	A"
Ticor Title...	A'
Security Union Title..	A'
Alamo Title...	A'

INVESTMENT POLICIES AND INVESTMENT PORTFOLIO

Our investment policy is designed to maintain a high quality portfolio, maximize income, minimize interest rate risk and match the duration of our portfolio to our liabilities. We also make investments in certain equity securities in order to take advantage of perceived value and for strategic purposes. Various states regulate what types of assets qualify for purposes of capital and surplus and unearned premium reserves. Our subsidiaries' investments are restricted by the state insurance regulations of their domiciliary states and are limited primarily to cash and cash equivalents, federal and municipal governmental securities, mortgage loans, certain investment grade debt securities, equity securities and real estate.

As of December 31, 2000 and 1999, the carrying amount, which approximates the fair value, of total investments was $1,685.3 million and $506.9 million, respectively.

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

The following table presents certain information regarding the investment ratings of our fixed maturity portfolio at December 31, 2000 and 1999.

RATING(1)	DECEMBER 31, 2000 AMORTIZED COST	% OF TOTAL	FAIR VALUE	% OF TOTAL	1999 AMORTIZED COST	% OF TOTAL	FAIR VALUE	% OF TOTAL
	(DOLLARS IN THOUSANDS)							
AAA	$ 785,636	67.3%	$ 803,682	67.6%	$163,831	46.3%	$160,280	46.2%
AA	180,585	15.5	184,365	15.5	79,271	22.4	78,280	22.6
A	110,220	9.5	109,688	9.2	85,139	24.1	83,418	24.0
BBB	43,368	3.7	43,706	3.7	20,340	5.7	19,875	5.7
Other	46,502	4.0	47,240	4.0	5,244	1.5	5,198	1.5
	$1,166,311	100.0%	$1,188,681	100.0%	$353,825	100.0%	$347,051	100.0%

(1) Ratings as assigned by Standard & Poor's Ratings Group and Moody's Investors Service.

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Fixed maturity securities with an amortized cost of $81.4 million and a fair value of $81.8 million were callable at December 31, 2000.

The following table presents certain information regarding our fixed maturity securities at December 31, 2000:

MATURITY	DECEMBER 31, 2000 AMORTIZED COST	% OF TOTAL	FAIR VALUE	% OF TOTAL
	(DOLLARS IN THOUSANDS)			
One year or less	$ 102,891	8.8%	$ 102,988	8.7%
After one year through five years	545,397	46.8	551,720	46.4
After five years through ten years	247,638	21.2	254,617	21.4
After ten years	73,723	6.3	77,076	6.5
	969,649		986,401	
Mortgage-backed securities	196,662	16.9	202,280	17.0
	$1,166,311	100.0%	$1,188,681	100.0%

Our equity securities at December 31, 2000 and 1999 consisted of investments in various industry groups as follows:

	DECEMBER 31,			
	2000		1999	
	COST	FAIR VALUE	COST	FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Banks, trust and insurance companies..............	$ 1,726	$ 2,037	$ 1,559	$ 1,628
Industrial, miscellaneous and all other...........	51,224	37,922	38,180	37,253
	$52,950	$39,959	$39,739	$38,881

Our investment results for the years ended December 31, 2000, 1999 and 1998 were as follows:

	DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Net investment income(1)(2)	$ 100,193	$ 33,914	$ 26,665
Average invested assets(1)	$1,649,951	$547,413	$482,530
Effective return on average invested assets(1)	6.1%	6.2%	5.5%

(1) Excludes investments in real estate. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Net investment income as reported in our Consolidated Statements of Earnings has been adjusted in the presentation above to provide the tax equivalent yield on tax exempt investments and to exclude net realized capital gains (losses) on the sale of investments and other assets. Net realized capital gains (losses) totaled ($201), ($76) and $17.2 million in 2000, 1999 and 1998, respectively.

EMPLOYEES

As of December 31, 2000, we had approximately 16,000 full-time equivalent employees. We believe that our relations with employees are generally good.

RISK FACTORS

The risk factors listed in this section and other factors noted herein or incorporated by reference could cause our actual results to differ materially from those contained in any forward-looking statements.

OUR REVENUES MAY DECLINE DURING PERIODS WHEN THE DEMAND FOR OUR PRODUCTS DECREASES.

In the title insurance industry, revenues are directly affected by the level of real estate activity and the average price of real estate sales on both a national and local basis. Real estate sales are directly affected by changes in the cost of financing purchases of real estate -- i.e., mortgage interest rates. Other macroeconomic factors affecting real estate activity include, but are not limited to, demand for housing, employment levels, family income levels and general economic conditions. Because these factors can change dramatically, revenue levels in the title insurance industry can also change dramatically. For example, beginning in late 1995 and into 1998, the level of real estate activity increased, including refinancing transactions, new home sales and resales, due in part to decreases in mortgage interest rates. Stable mortgage interest rates and strength in the real estate market, especially in California and throughout the West Coast, contributed to very positive conditions for the title insurance industry throughout 1997 and 1998. However, during the second half of 1999 and through 2000, steady interest rate increases caused by actions taken by the Federal Reserve Board resulted in a significant decline in refinancing transactions. As a result, the market shifted from a refinance-driven market in 1998 to a more traditional market driven by new home purchases and resales in 1999 and 2000. The favorable industry conditions that existed in 1998 represented an unusual mixture of macroeconomic factors that may not occur again in the foreseeable future.

Historically, real estate transactions have produced seasonal revenue levels for title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The fourth calendar quarter is typically the strongest in terms of revenue due to commercial entities desiring to complete transactions by year-end. Significant changes in interest rates may alter these traditional seasonal patterns due to the effect the cost of financing has on the volume of real estate transactions.

Our revenues in future periods will continue to be subject to these and other factors which are beyond our control and, as a result, are likely to fluctuate.

AS A HOLDING COMPANY, WE DEPEND ON DISTRIBUTIONS FROM OUR SUBSIDIARIES, AND IF DISTRIBUTIONS FROM OUR SUBSIDIARIES ARE MATERIALLY IMPAIRED, OUR ABILITY TO DECLARE AND PAY DIVIDENDS MAY BE ADVERSELY AFFECTED.

We are a holding company whose primary assets are the securities of our operating subsidiaries. Our ability to pay dividends is dependent on the ability of our subsidiaries to pay dividends or repay funds to us. If our operating subsidiaries are not able to pay dividends or repay funds to us, we may not be able to declare and pay dividends to you.

Our title insurance and home warranty subsidiaries must comply with state and federal laws which require them to maintain minimum amounts of working capital surplus and reserves, and place restrictions on the amount of dividends that they can distribute to us. During 2000, approximately 91.3% of our year-to-date revenues was derived from subsidiaries engaged in these regulated businesses. Compliance with these laws will limit the amounts our regulated subsidiaries can dividend to us. During 2001, our title insurance subsidiaries could pay dividends or make other distributions to us of $107.5 million.

OUR ENTERING INTO NEW BUSINESS LINES SUBJECTS US TO ASSOCIATED RISKS, SUCH AS THE DIVERSION OF MANAGEMENT ATTENTION, DIFFICULTY INTEGRATING OPERATIONS AND LACK OF EXPERIENCE IN OPERATING SUCH BUSINESSES.

We have acquired, and may in the future acquire, businesses in industries with which management is less familiar than we are with the title insurance industry. For example, in February 1998, we acquired FNF Capital, Inc., whose primary business is financing equipment leases. Also, in the last three years, we have expanded the range and amount of real estate related services we provide, began underwriting home warranty policies, invested in restaurant businesses, expanded our commercial title insurance business and considered acquiring underwriters of other lines of insurance products. These activities involve risks that could adversely affect our operating results, such as diversion of management's attention, integration of the operations, systems and personnel of the new businesses and lack of substantial experience in operating such businesses.

DIFFICULTIES WE MAY ENCOUNTER MANAGING OUR GROWTH COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

We have historically achieved growth through a combination of developing new products, increasing our market share for existing products, and acquisitions. Part of our strategy is to pursue opportunities to diversify and expand our operations by acquiring or making investments in other companies. The success of each acquisition will depend upon:

- our ability to integrate the acquired business' operations, products and personnel;

- our ability to retain key personnel of the acquired businesses; and

- our ability to expand our financial and management controls and reporting systems and procedures.

OUR SUBSIDIARIES THAT ENGAGE IN INSURANCE RELATED BUSINESSES MUST COMPLY WITH ADDITIONAL REGULATIONS. THESE REGULATIONS MAY IMPEDE, OR IMPOSE BURDENSOME CONDITIONS ON, OUR RATE INCREASES OR OTHER ACTIONS THAT WE MIGHT WANT TO TAKE TO INCREASE THE REVENUES OF OUR SUBSIDIARIES.

Our title insurance business is subject to extensive regulation by state insurance authorities in each state in which we operate. These agencies have broad administrative and supervisory power relating to the following, among other matters:

- licensing requirements;

- trade and marketing practices;

- accounting and financing practices;

- capital and surplus requirements;

- the amount of dividends and other payments made by insurance subsidiaries;

- investment practices;

- rate schedules;

- deposits of securities for the benefit of policyholders;

- establishing reserves; and

- regulation of reinsurance.

Most states also regulate insurance holding companies like us with respect to acquisitions, changes of control and the terms of transactions with our affiliates. These regulations may impede or impose burdensome conditions on our rate increases or other actions that we may want to take to enhance our operating results, and could affect our ability to pay dividends on our common stock. In addition, we may incur significant costs in the course of complying with regulatory requirements. We cannot assure you that future legislative or regulatory changes will not adversely affect our business operations.

WE FACE COMPETITION IN OUR INDUSTRY FROM TRADITIONAL TITLE INSURERS AND FROM NEW ENTRANTS.

The title insurance industry is highly competitive. According to Corporate Development Services, the top five title insurance companies accounted for 89% of net premiums collected in 1999. Over 40 independent title insurance companies accounted for the remaining 11% of the market. The number and size of competing companies varies in the different geographic areas in which we conduct our business. In our principal markets, competitors include other major title underwriters such as First American Corporation, LandAmerica Financial Group, Inc., Old Republic International Corporation and Stewart Information Services Corporation, as well as numerous independent agency operations at the regional and local level. These smaller companies may expand into other markets in which we compete. Also, the removal of regulatory barriers might result in new competitors entering the title insurance business, and those new competitors may include diversified financial services companies that have greater financial resources than we do and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants could affect our business operations and financial condition.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information contained in this Form 10-K contains forward looking statements that involve a number of risks and uncertainties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future economic performance and are not statements of fact, actual results may differ materially from those projected. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Important factors that may affect these projections or expectations include, but are not limited to:

- general economic and business conditions, including interest rate fluctuations and general volatility in the capital markets;

- changes in the performance of the real estate markets;

- the impact of competitive products and pricing;

- success of operating initiatives;

- our ability to integrate the business operations we acquired in our merger with Chicago Title Corporation and our ability to implement cost-saving synergies associated with that acquisition;

- availability of qualified personnel;

- employee benefits costs; and

- changes in, or the failure to comply with, government regulations and other risks detailed in our filings with the Securities and Exchange Commission.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "objective," "projection," "forecast," "goal," or similar words are intended to identify forward-looking statements.

ITEM 2. PROPERTIES

The majority of the branch offices are leased from third parties. We own the remaining branch offices. See Note J to Notes to Consolidated Financial Statements.

As of December 31, 2000, we leased office and storage space as follows:

LOCATIONS(1)	NUMBER OF
California	435
Texas	131
Arizona	122
Illinois	91
Florida	62
Washington	57
Oregon	53
Indiana	29
New York and Ohio	26
Nevada	20
North Carolina and Maryland	18
New Jersey and Pennsylvania	17
Tennessee	14
Colorado and Virginia	13
Minnesota	11
Kansas	9
Georgia	8
Missouri and Michigan	7
New Mexico, Massachusetts and Connecticut	6
Louisiana and Hawaii	5
Montana	4
South Carolina	3
Wisconsin, Washington D.C., Rhode Island, Delaware, Alabama and Kentucky	2
Utah, New Hampshire, Idaho and Canada	1

(1) Represents the number of locations in each state listed.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we are involved in various pending and threatened litigation matters related to our operations, some of which include claims for punitive or exemplary damages. We believe that no actions, other than those listed below, depart from customary litigation incidental to our business and that the resolution of all such litigation will not have a material adverse effect on us.

As previously disclosed in our prior Securities and Exchange Commission filings, we have been named as a defendant in five class action lawsuits alleging irregularities and violations of title and escrow practices. One of these suits was filed by the Attorney General of the State of California on behalf of the California Controller and the California Department of Insurance against the entire title and escrow industry in California. The other four were filed by private law firms in State and Federal courts in San Francisco and Los Angeles. In February 2000, we reached a settlement of the lawsuit filed by the California Department of Insurance. The settlement does not require us to pay any fine or penalty. We are vigorously defending the remaining lawsuits. We do not believe that the resolution of these lawsuits will have a material impact on us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company did not submit any matters to a vote of security holders in the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the New York Stock Exchange under the symbol "FNF." The following table shows, for the periods indicated, the high and low sales prices of our common stock, as reported by the New York Stock Exchange, and the amounts of dividends per share declared on our common stock.

	HIGH	LOW	DIVIDENDS DECLARED
Year ended December 31, 2000			
First quarter..	$18.25	$11.62	$.10
Second quarter.......................................	20.06	12.50	.10
Third quarter..	24.94	16.88	.10
Fourth quarter.......................................	39.38	19.75	.10
Year ended December 31, 1999			
First quarter..	$30.75	$14.56	$.07
Second quarter.......................................	21.00	14.50	.07
Third quarter..	21.06	13.44	.07
Fourth quarter.......................................	16.00	13.81	.10

On March 16, 2001, the last reported sale price of our common stock on the New York Stock Exchange was $30.01 per share. As of March 16, 2001, the Company had approximately 1,897 stockholders of record.

Our Board of Directors declared a cash dividend of $0.10 per share in each of the four quarters of 2000. Our current dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends will be in the discretion of our Board of Directors and will be dependent upon our future earnings, financial condition and capital requirements. Our ability to declare and pay dividends is also subject to our compliance with the financial covenants contained in our existing $800 million syndicated credit agreement and further described below.

Since we are a holding company, our ability to pay dividends will depend largely on the ability of our subsidiaries to pay dividends to us, and the ability of our title insurance subsidiaries to do so is subject to, among other factors, their compliance with applicable insurance regulations. During 2001, our title insurance subsidiaries could pay dividends or make other distributions to us of $107.5 million. In addition to regulatory restrictions, our ability to declare dividends is subject to restrictions under our existing syndicated credit agreement. We do not believe the restrictions contained in our credit agreement will, in the foreseeable future, adversely affect our ability to pay cash dividends at the current dividend rate.

ITEM 6. SELECTED FINANCIAL DATA

The information set forth below should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. Per share data has been retroactively adjusted for stock dividends and splits since our inception. Certain reclassifications have been made to the prior year amounts to conform with the 2000 presentation.

	YEAR ENDED DECEMBER 31,				
	2000 (1)(2)(3)	1999 (2)(3)	1998 (2)(3)	1997 (2)(4)	1996 (2)
	(IN THOUSANDS, EXCEPT PER SHARE AND OTHER DATA)				
OPERATING DATA:					
Revenue:					
Title insurance premiums	$1,946,159	$ 939,452	$ 910,278	$616,074	$552,799
Escrow and other title related fees	459,121	206,570	215,254	152,464	131,572
Real estate related services	166,718	67,844	69,970	38,129	24,708
Interest and investment income, including realized gains and losses	87,191	32,045	44,502	36,740	18,894
Other income	82,805	109,943	53,376	20,586	6,489
	2,741,994	1,355,854	1,293,380	863,993	734,462
Expenses:					
Personnel costs	845,349	407,078	394,284	273,221	240,232
Other operating expenses	626,308	332,296	258,866	189,141	175,828
Agent commissions	884,498	423,675	385,649	261,182	221,948
Provision for claim losses	97,322	52,713	59,294	41,558	36,275
Interest expense	59,374	15,626	17,024	12,269	11,590
	2,512,851	1,231,388	1,115,117	777,371	685,873
Earnings before amortization of cost in excess of net assets acquired, income taxes and extraordinary item	229,143	124,466	178,263	86,622	48,589
Amortization of cost in excess of net assets acquired	35,003	6,638	3,129	1,019	363
Earnings before income taxes and extraordinary item	194,140	117,828	175,134	85,603	48,226
Income tax expense	85,825	46,975	69,442	36,595	18,985
Earnings before extraordinary item	108,315	70,853	105,692	49,008	29,241
Extraordinary item, net of income taxes	--	--	--	(1,700)	--
Net earnings	$ 108,315	$ 70,853	$ 105,692	$ 47,308	$ 29,241
PER SHARE DATA:					
Basic earnings per share before extraordinary item	$ 1.84	$ 2.38	$ 3.79	$ 2.10	$ 1.43
Extraordinary item, net of income taxes, basic basis	--	--	--	(0.07)	--
Basic earnings per share	$ 1.84	$ 2.38	$ 3.79	$ 2.03	$ 1.43
Weighted average shares outstanding, basic basis	58,821	29,811	27,921	23,355	20,426
Diluted earnings per share before extraordinary item	$ 1.78	$ 2.27	$ 3.23	$ 1.76	$ 1.23
Extraordinary item, net of income taxes, diluted basis	--	--	--	(.06)	--
Diluted earnings per share	$ 1.78	$ 2.27	$ 3.23	$ 1.70	$ 1.23
Weighted average shares outstanding, diluted basis	60,937	31,336	33,474	29,599	26,431
Dividends declared per share	$ .40	$ .31	$ .26	$ .24	$ .22

	YEAR ENDED DECEMBER 31,				
	2000 (1)(2)(3)	1999 (2)(3)	1998 (2)(3)	1997 (2)(4)	1996 (2)
	(IN THOUSANDS, EXCEPT PER SHARE AND OTHER DATA)				
BALANCE SHEET DATA:					
Investments(5)	$1,685,331	$ 506,916	$ 519,332	$376,285	$270,134
Cash and cash equivalents(6)	262,955	38,569	42,492	54,975	65,551
Total assets	3,833,985	1,042,546	969,470	747,695	609,658
Notes payable	791,430	226,359	214,624	163,015	179,508
Reserve for claim losses	907,482	239,962	224,534	201,674	196,527
Minority interests	5,592	4,613	1,532	3,614	1,287
Stockholders' equity	1,106,737	432,494	396,740	274,050	162,645
OTHER DATA:					
Orders opened by direct operations	1,352,000	743,000	987,000	621,000	575,000
Orders closed by direct operations	971,000	551,000	670,000	436,000	430,000
Provision for claim losses to title insurance premiums	5.0%	5.6%	6.5%	6.7%	6.6%
Title related revenue(7):					
Percentage direct operations	52.8%	53.6%	56.9%	57.1%	59.0%
Percentage agency operations	47.2%	46.4%	43.1%	42.9%	41.0%
Diluted earnings per share before amortization of cost in excess of net assets acquired	$ 2.56	$ 2.48	$ 3.32	$ 1.74	$ 1.24

(1) Our financial results for the year ended December 31, 2000 include the operations of Chicago Title for the period from March 20, 2000, the merger date, through December 31, 2000. In the first quarter of 2000, we recorded certain non-recurring charges totaling $13.4 million, after applicable taxes.

(2) During 1997 and 1996, we acquired certain real estate related service companies in various transactions. The selected consolidated financial data above includes the balance sheet accounts of the acquired companies as of December 31 of the year acquired and all subsequent years presented; and the results of their operations for the periods from the date of acquisition through December 31 of the acquisition year and for the years ended December 31 for all subsequent years presented.

(3) We completed the merger of our wholly owned subsidiary, ACS Systems, Inc., with and into Micro General on May 14, 1998. This transaction was accounted for as a reverse merger of Micro General into ACS, with Micro General as the surviving legal entity. The selected consolidated financial data above includes the balance sheet accounts of Micro General at December 31, 2000, 1999 and 1998 and the results of its operations for the years ended December 31, 2000 and 1999 and for the period from May 14, 1998 through December 31, 1998. As of December 31, 2000, we owned 65.7% of Micro General.

(4) During 1997, we recognized an extraordinary loss of $1.7 million, net of income taxes of $1.2 million, related to the early retirement of $45.0 million maturity value of our Liquid Yield Option Notes.

(5) Investments as of December 31, 2000, include securities pledged to secure trust deposits of $459.4 million.

(6) Cash and cash equivalents as of December 31, 2000 includes cash pledged to secure trust deposits of $132.1 million.

(7) Includes title insurance premiums and escrow and other title related fees.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data is as follows:

	QUARTER ENDED			
	MARCH 31,(2)	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
2000(1)				
Revenue	$377,657	$757,642	$790,103	$816,592
Earnings before income taxes	7,661	59,234	63,677	63,568
Net earnings	1,869	31,371	37,570	37,505
Basic earnings per share	.06	.47	.56	.55
Diluted earnings per share	.06	.46	.54	.53
Dividends paid per share	.10	.10	.10	.10
1999				
Revenue	$345,096	$358,743	$343,686	$308,329
Earnings before income taxes	33,504	40,238	30,216	13,870
Net earnings	19,767	23,741	18,607	8,738
Basic earnings per share	.64	.78	.62	.31
Diluted earnings per share	.60	.75	.60	.30
Dividends paid per share	.07	.07	.07	.07

(1) Our financial results for the year ended December 31, 2000 include the operations of Chicago Title for the period from March 20, 2000, the merger date, through December 31, 2000.

(2) In the first quarter of 2000, we recorded certain non-recurring charges totaling $13.4 million, after applicable income taxes.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Factors Affecting Comparability. Our Condensed Consolidated Statements of Earnings include the results of operations of Chicago Title for the period from March 20, 2000, the merger date, through December 31, 2000. As a result, year over year comparisons may not be meaningful. Excluding the effect of the Chicago Title merger, our title insurance premiums for the year ended December 31, 2000 were $834.7 million. We have also reviewed our existing non-title operations in connection with the merger and related transition and integration. As a result, during the first quarter of 2000 we recorded certain non-recurring charges totaling $13.4 million, after applicable taxes. These charges primarily relate to the revaluation of non-title assets, including our investment in Express Network, Inc., which was sold in the second quarter of 2000, and existing goodwill associated with Express Network and the write-off of obsolete software.

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Total revenue	$2,741,994	$1,355,854	$1,293,380
Total expenses	$2,547,854	$1,238,026	$1,118,246
Net earnings	$ 108,315	$ 70,853	$ 105,692

Net earnings for year ended December 31, 2000 were $108.3 million, or $1.78 per diluted share. Excluding the non-recurring, non-title related charges we recorded in the first quarter of 2000 of $13.4 million, or $0.22 per diluted share, net earnings for year ended December 31, 2000, were $121.7 million, or $2.00 per

diluted share, as compared with net earnings for the corresponding periods in 1999 and 1998 of $70.9 million, or $2.27 per diluted share and $105.7 million, or $3.23 per diluted share.

The following table presents the calculation of earnings before amortization of cost in excess of net assets acquired and non-recurring charges. We believe that earnings before amortization of cost in excess of net assets acquired and non-recurring charges better reflects the operational performance of our business.

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net earnings -- diluted	$108,315	$71,116	$108,155
Amortization of cost in excess of net assets acquired	35,003	6,638	3,129
Tax effect of amortization of cost in excess of net assets acquired	(838)	--	--
Non-recurring charges, net of tax	13,371	--	--
Earnings before amortization of cost in excess of net assets acquired and non-recurring charges	$155,851	$77,754	$111,284
Diluted earnings per share before amortization of cost in excess of net assets acquired and non-recurring charges	$ 2.56	$ 2.48	$ 3.32
Diluted weighted average shares outstanding	60,937	31,336	33,474

Revenue. The following table presents the components of our revenue:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Title insurance premiums	$1,946,159	$ 939,452	$ 910,278
Escrow and other title related fees	459,121	206,570	215,254
Real estate related services	166,718	67,844	69,970
Interest and investment income, including realized gains and losses	87,191	32,045	44,502
Other income	82,805	109,943	53,376
Total revenue	$2,741,994	$1,355,854	$1,293,380
Orders opened by direct operations	1,352,000	743,000	987,000
Orders closed by direct operations	971,000	551,000	670,000

Title insurance revenue is closely related to the level of real estate activity and the average price of real estate sales on both a national and local basis. Real estate sales are directly affected by changes in the cost of financing purchases of real estate -- i.e., mortgage interest rates. Other macroeconomic factors affecting real estate activity include, but are not limited to, demand for housing, employment levels, family income levels and general economic conditions. Because these factors can change dramatically, revenue levels in the title insurance industry can also change dramatically. For example, beginning in late 1995 and into 1998, the level of real estate activity increased, including refinancing transactions, new home sales and resales, due in part to decreases in mortgage interest rates. Stable mortgage interest rates and strength in the real estate market, especially in California and throughout the West Coast, contributed to very positive conditions for the title insurance industry throughout 1997 and 1998. However, during the second half of 1999 and through 2000, steady interest rate increases caused by actions taken by the Federal Reserve Board resulted in a significant decline in refinancing transactions, which shifted the real estate market from a refinance-driven market to a more traditional market driven by new home purchases and resales. As a result of the shift in mix of business along with the steady increases in interest rates, total title premiums, on a pro forma basis (assuming the Chicago Title merger occurred on January 1, 1999) have decreased in 2000 as compared with pro forma 1999 title insurance premiums.

Total revenue in 2000 more than doubled to $2,742.0 million from $1,355.9 million in 1999. Total revenue in 1999 of $1,355.9 million reflects a 4.8% increase from 1998 revenue of $1,293.4 million. The increase in total revenue from 1999 to 2000 is primarily the result of the merger of Chicago Title on March 20, 2000. The increase in total revenue from 1998 to 1999 is primarily the result of continued strength in our core title and real estate related service operations, which were positively impacted by favorable market conditions leading to an increase in real estate activity. The increased real estate activity combined with acquisitions of real estate related service companies and the integration of those real estate related service operations into our core businesses, also contributed to increased revenue.

Title insurance premiums increased to $1,946.2 million in 2000 from $939.5 million in 1999. In 1999, title premiums increased 3.2% from $910.3 million in 1998. The premium increases from 1998 to 1999 were indicative of the favorable market conditions existing during that period. In 1999, refinance transactions declined from record levels in 1998 to levels consistent with historical norms due to interest rate increases caused by actions taken by the Federal Reserve Board. Increases in mortgage interest rates were partially offset by consumer confidence in the overall economy, which resulted in record home sales in 1999. As the volume of refinance transactions decreased, the market shifted, beginning in the second half of 1999 and continuing through 2000, from a refinance-driven market to a more traditional market driven by new home purchases and resales. In 2000, the decrease in real estate market activity was more than offset by the addition of the Chicago Title operations and an increase in the average fee per file. The increase in fee per file is consistent with a return to more normalized levels of refinance activity and the continuing increase in home prices, as well as increased commercial activity as we continue to grow our National Commercial Division. The addition of the Chicago Tile operations during 2000 has also impacted the mix of business between our direct and agency operations as compared with prior years.

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

	YEAR ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNTS	%	AMOUNT	%	AMOUNT	%
	(DOLLARS IN THOUSANDS)					
Direct	$ 811,621	41.7%	$407,769	43.4%	$425,551	46.7%
Agency	1,134,538	58.3	531,683	56.6	484,727	53.3
Total title insurance premiums	$1,946,159	100.0%	$939,452	100.0%	$910,278	100.0%

Trends in escrow and other title related fees are primarily related to title insurance activity generated by our direct operations. Escrow and other title related fees during the three-year period ended December 31, 2000, fluctuated in a pattern generally consistent with the fluctuation in direct title insurance premiums and order counts. Escrow and other title related fees were $459.1 million, $206.6 million and $215.3 million, respectively, during 2000, 1999 and 1998.

Revenues from real estate related services generally trend closely with the level and mix of business, as well as the performance of our title related subsidiaries. During 1996 and 1997, we acquired real estate related service companies in various separate transactions. Our strategy in making the real estate related service company acquisitions was to acquire previously existing entities in businesses we believed to be complementary to our core title and escrow businesses. Revenues from real estate related services in 2000, 1999 and 1998 were $166.7 million, $67.8 million and $70.0 million, respectively. The increase in revenues from real estate related services in 2000 is primarily the result of the acquisition of Chicago Title as well as increases in revenue from our credit reporting, flood certification, home warranty insurance and tax qualifying property exchange services.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. In 2000, interest and investment income was $87.2 million, compared with $32.0 million in 1999. The increase in interest and investment income earned during 2000 is primarily due to an increase in average invested assets, excluding real estate, from $547.4 million in 1999 to $1,650.0 million in 2000, primarily as a result of the Chicago Title acquisition. The tax equivalent yield in 2000, excluding realized losses, was 6.1%. Included in interest and investment income in 2000 is $201 of net realized losses. Interest and investment income in 1999 was $32.0 million, compared with $44.5 million in 1998, a decrease of $12.5 million, or 28.0%. Average invested assets, excluding real estate, increased 13.4% to $547.4 million, from $482.5 million in 1998. The tax equivalent yield in 1999, excluding net realized losses, was 6.2%. The decrease in investment income in 1999 from 1998 is the result of net realized losses in 1999 of $76, compared with net realized gains in 1998 of $17.2 million, offset by an increase in interest and dividend income generated by the increased invested asset base and interest rate increases during the year. Included in 1998 net realized gains is a gain from the conversion of our investment in Data Tree Corporation of approximately $9.7 million.

Other income represents revenue generated by Micro General, our majority-owned information-services subsidiary, FNF Capital, our equipment-leasing subsidiary and Express Network. Other income was $82.8 million in 2000, $109.9 million in 1999 and $53.4 million in 1998. The decrease in other income in 2000 is due to the sale of Express Network in the second quarter of 2000 as well as decreases in externally generated revenue by Micro General. Other income increased in 1999 from 1998 as a result of including Micro General in our results of operations beginning in May 1998 as well as increases in externally generated revenue by Micro General in 1999 as compared with 1998.

Expenses. The following table presents the components of our expenses:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Personnel costs................................	$ 845,349	$ 407,078	$ 394,284
Other operating expenses......................	626,308	332,296	258,866
Agent commissions.............................	884,498	423,675	385,649
Provision for claim losses....................	97,322	52,713	59,294
Interest expense..............................	59,374	15,626	17,024
Amortization of cost in excess of net assets acquired....................................	35,003	6,638	3,129
Total expenses......................	$2,547,854	$1,238,026	$1,118,246

Our operating expenses consist primarily of personnel costs, other operating expenses and agent commissions, which are incurred as orders are received and processed. Title insurance premiums, escrow and other title related fees are generally recognized as income at the time the underlying transaction closes. As a result, revenue lags approximately 60-90 days behind expenses and therefore gross margins may fluctuate. The changes in the market environment, mix of business between direct and agency operations and the contributions from our various business units have impacted margins and net earnings. We have implemented programs and have taken necessary actions to maintain expense levels consistent with revenue. However, a short time lag does exist in reducing variable costs and certain fixed costs are incurred regardless of revenue levels.

Personnel costs include base salaries, commissions and bonuses paid to employees, and are one of our most significant operating expenses. These costs generally fluctuate with the level of orders opened and closed and with the mix of revenue. Personnel costs totaled $845.3 million, $407.1 million and $394.3 million for the years ended December 31, 2000, 1999 and 1998, respectively. Personnel costs as a percentage of total revenue have remained relatively consistent over the three-year period ended December 31, 2000. Those percentages were 30.8% in 2000, 30.0% in 1999 and 30.5% in 1998. We have taken significant measures to maintain appropriate personnel levels and costs relative to the volume and mix of business while maintaining customer service standards and quality controls. We will continue to monitor prevailing market conditions and will adjust personnel costs in accordance with activity.

Other operating expenses consist primarily of facilities expenses, title plant maintenance, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), postage and courier services, computer services (including personnel costs associated with information technology support), professional services, advertising expenses, general insurance, depreciation and trade and notes receivable allowances. We continue to be committed to cost control measures. In response to market conditions, we have implemented aggressive cost control programs in order to maintain operating expenses at levels consistent with the levels of revenue. However, certain fixed costs are incurred regardless of revenue levels, resulting in period-over-period fluctuations. Our cost control programs are designed to evaluate expenses, both current and budgeted, relative to existing and projected market conditions. Other operating expenses decreased as a percentage of total revenue to 22.8% in 2000 from 24.5% in 1999. The decrease in other operating expenses in 2000 is attributable to the change in our cost structure as a result of the addition of the Chicago Title operations, which are primarily title and real estate related. Other operating expenses increased as a percentage of total revenue to 24.5% in 1999 from 20.0% in 1998 as a result of the impact of Micro General's business expansion, increased data processing and information technology costs and normal year over year price increases including rent escalations, travel and other general and administrative costs. Total other operating expenses totaled $626.3 million, $332.3 million and $258.9 million in 2000, 1999 and 1998, respectively.

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

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

	YEAR ENDED DECEMBER 31,					
	2000		1999		1998	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
	(DOLLARS IN THOUSANDS)					
Agent premiums	$1,134,538	100.0%	$531,683	100.0%	$484,727	100.0%
Agent commissions	884,498	78.0	423,675	79.7	385,649	79.6
Premiums we retain	$ 250,040	22.0%	$108,008	20.3%	$ 99,078	20.4%

The provision for claim losses includes an estimate of anticipated title claims. The estimate of anticipated title claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. We monitor our claims loss experience on a continual basis and adjust the provision for claim losses accordingly. Based on our loss development studies, we believe that as a result of our underwriting and claims handling practices, as well as the refinancing business of prior years, we will maintain the claim loss trends we have experienced over the past several years. As such, our claim loss provision as a percentage of total title premiums was 5.0% in 2000, as compared with 5.6% in 1999 and 6.5% in 1998.

A summary of the reserve for claim losses follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Beginning balance	$239,962	$224,534	$201,674
Reserves assumed	669,837(1)	--	--
Reserves transferred	--	(4,310)(2)	--
Claim loss provision related to:			
Current year	108,985	57,321	59,294
Prior years	(11,663)	(4,608)	--
Total claim loss provision	97,322	52,713	59,294
Claims paid, net of recoupments related to:			
Current year	(6,479)	(1,229)	(1,045)
Prior years	(93,160)	(31,746)	(35,389)
Total claims paid, net of recoupments	(99,639)	(32,975)	(36,434)
Ending balance	$907,482	$239,962	$224,534
Provision for claim losses as a percentage of title insurance premiums	5.0%	5.6%	6.5%

(1) In connection with the Chicago Title merger on March 20, 2000, we assumed Chicago Title's then outstanding reserve for claim losses.

(2) On March 18, 1998, the Company announced that it had entered into an agreement to sell National Title Insurance of New York Inc. ("National") to American Title Company, a wholly-owned subsidiary of American National Financial, Inc. ("ANFI"), for $3.25 million, subject to regulatory approval and certain other conditions. The purchase price was structured at a premium to book value. As of December 31, 2000, the Company holds a 28.3% interest in ANFI. National was acquired in April 1996, as part of the Nations Title Inc. acquisition, and has not been actively underwriting policies since that time. This transaction received regulatory approval on May 27, 1999 and closed on June 10, 1999. The Company recognized a gain of approximately $1.2 million prior to applicable income taxes, in connection with the sale of National. This gain has been reflected in the Consolidated Statement of Earnings for the year ended December 31, 1999.

The favorable development on prior year loss reserves during 2000 and 1999 was attributable to lower than expected payment levels on recent issue years which included a high proportion of refinance business.

Interest expense for the years ended December 31, 2000, 1999 and 1998 was $59.4 million, $15.6 million and $17.0 million, respectively. The increase in interest expense in 2000 as compared with 1999 is attributable to the increase in outstanding notes payable, primarily related to the financing of the Chicago Title merger, and an increase in certain indices on which our variable interest rates are based. The decrease in interest expense in 1999 as compared with 1998 is primarily due to the redemption of our Liquid Yield Option Notes in 1999. In addition, included in interest expense in 1998 is a $4.7 million interest charge relating to the settlement of an Internal Revenue Service examination for the tax years 1990 through 1994.

Amortization of cost in excess of net assets acquired was $35.0 million in 2000, $6.6 million in 1999 and $3.1 million in 1998. In connection with the merger of Chicago Title, we recorded cost in excess of net assets acquired of approximately $755.6 million. As a result, amortization of cost in excess of net assets acquired has increased accordingly.

Income tax expense as a percentage of earnings before income taxes for 2000, 1999 and 1998 was 44.2%, 39.9% and 39.7%, respectively. The fluctuation in income tax expense as a percentage of earnings before income taxes is attributable to our estimate of ultimate income tax liability, the impact of the non-recurring charges and the non-deductible goodwill recorded pursuant to the Chicago Title merger and the characteristics of net earnings -- i.e., operating income versus investment income.

LIQUIDITY AND CAPITAL RESOURCES

On March 20, 2000, we acquired Chicago Title. Pursuant to the terms of the merger agreement, Chicago Title stockholders received aggregate merger consideration valued at approximately $1.1 billion. The merger consideration was paid in the form of 1.7673 shares of our common stock and $26.00 in cash for each share of Chicago Title common stock, resulting in the issuance of approximately 38.8 million shares of our common stock valued at an average price during the applicable period of $13.1771 per share and the payment of approximately $570.2 million in cash.

In connection with the Chicago Title merger, we entered into a syndicated credit agreement. The credit agreement provides for three distinct credit facilities:

- $100.0 million, 18 month revolving credit facility due September 30, 2001;

- $250.0 million, 6 year revolving credit facility due March 19, 2006; and

- $450.0 million term loan facility with a 6 year amortization period, due March 19, 2006.

The credit agreement bears interest at a variable rate of interest based on the debt ratings assigned to us by certain independent agencies, and is unsecured. The current interest rate is LIBOR plus 1.125%. Amounts borrowed under the credit agreement were used to pay the cash portion of the merger consideration, to refinance previously existing indebtedness, to pay fees and expenses incurred in connection with the merger and to fund other general corporate purposes.

The credit agreement and other debt facilities impose certain affirmative and negative covenants on us relating to current debt ratings, certain financial ratios related to liquidity, net worth, capitalization, investments, acquisitions and restricted payments, and certain dividend restrictions. We are in compliance with all of our debt covenants as of December 31, 2000.

On January 24, 2001, we issued 8,050,000 shares of our common stock at a public offering price of $33.50 per share. Proceeds from this offering, net of underwriting discounts and commissions and other related expenses, were $256.2 million. Net proceeds of $100.0 million were used to repay in full and terminate the $100.0 million, 18 month revolving credit facility and net proceeds of $149.5 million were used to pay down in full the $250.0 million, 6 year revolving credit facility. The remainder of the cash proceeds are available for general corporate purposes.

Our cash requirements include debt service, operating expenses, lease fundings, lease securitizations, taxes and dividends on our common stock. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, through cash dividends from subsidiaries, cash generated by investment securities and bank borrowings through existing credit facilities. Our short-and long-term liquidity requirements are monitored regularly to match cash inflows with cash requirements. We forecast the daily needs of all of our subsidiaries and periodically review their short- and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying these projections.

Our two significant sources of our funds are dividends and distributions from our subsidiaries. As a holding company, we receive cash from our subsidiaries in the form of dividends and as reimbursement for operating and other administrative expenses we incur. The reimbursements are executed within the guidelines of management agreements among us and our subsidiaries. Our insurance subsidiaries are restricted by state regulation in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which our title underwriters can pay dividends or make other distributions to us. Our underwritten title companies, real estate related service companies, Micro General and FNF Capital, collect revenue and pay operating expenses. However, they are not regulated to the same extent as our insurance subsidiaries. Positive cash flow from these subsidiaries are invested primarily in cash and cash equivalents.

Recent Accounting Pronouncements. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, contracts and hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value.

SFAS 133 was amended by Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB No. 133" ("SFAS 137"). SFAS 137 defers the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS 133, as amended by SFAS 137 and Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Hedging Activities -- an amendment of SFAS 133." ("SFAS 138"), is effective for our first quarter in the fiscal year ending December 31, 2001, and does not have a material effect on our financial position or results of operations.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," ("SFAS 140"). SFAS 140 revises the accounting standards for securitizations and other transfers of financial assets and collateral and requires certain disclosures. SFAS 140 is effective for transfers and servicing of financial assets and extinguishment of liabilities occurring after March 31, 2001. Adoption of SFAS 140 will not have a material effect on our financial statements.

Emerging Issues Task Force No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets", ("EITF 99-20") sets forth the rules for recognizing interest income on all credit-sensitive mortgage and asset-backed securities and certain prepayment-sensitive securities including agency Interest-only strips, whether purchased or retained in securitization, and determining when these securities must be written down to fair value because of impairment. EITF 99-20 is effective for all fiscal quarters beginning after March 15, 2001. Early adoption is permitted. We have decided not to early adopt EITF 99-20. Application of provisions of the EITF are to be adopted prospectively. Adoption of EITF 99-20 will require impairments to the valuation of residual interest in securitizations to be recorded as a reduction to the carrying value of the residual interests through a charge to earnings. The initial potential impact of adoption would be a charge to earnings of approximately $3.2 million in 2001.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT THE MARKET RISK OF FINANCIAL INSTRUMENTS

Our Consolidated Balance Sheet includes a substantial amount of assets and liabilities whose fair values are subject to market risks. See "Business -- Investment Policies and Investment Portfolio" and Notes C and G of Notes to Consolidated Financial Statements. The following sections address the significant market risks associated with our financial activities as of our year ended December, 31, 2000.

Interest Rate Risk

Our fixed maturity investments and borrowings are subject to interest rate risk. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

Equity Price Risk

The carrying values of investments subject to equity price risks are based on quoted market prices or management's estimates of fair value as of the balance sheet date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Caution should be used in evaluating our overall market risk from the information below, since actual results could differ materially because the information was developed using estimates and assumptions as described below, and because our reserve for claim losses (representing 33.3% of total liabilities) is not included in the hypothetical effects.

The hypothetical effects of changes in market rates or prices on the fair values of financial instruments would have been as follows as of December 31, 2000:

a. An approximate $43.1 million net increase (decrease) in the fair value of fixed maturity securities would have occurred if interest rates had (decreased) increased by 100 basis points. The change in fair values was determined by estimating the present value of future cash flows using various models, primarily duration modeling.

b. An approximate $10.6 million net increase (decrease) in the fair value of equity securities would have occurred if there was a 20% price increase (decrease) in market prices.

c. It is not anticipated that there would be a significant change in the fair value of other long-term investments or short-term investments if there was a change in market conditions, based on the nature and duration of the financial instruments involved.

d. Interest expense on average debt outstanding would have increased (decreased) approximately $7.0 million, if interest rates increased (decreased) 100 basis points.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL INFORMATION

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS
FIDELITY NATIONAL FINANCIAL, INC.:

We have audited the accompanying Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2000 and 1999 and the related Consolidated Statements of Earnings, Comprehensive Earnings, Stockholders' Equity and Cash Flows for each of the years in the three-year period ended December 31, 2000. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

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

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the consolidated financial position of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Los Angeles, California
February 14, 2001

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

ASSETS

	DECEMBER 31, 2000	DECEMBER 31, 1999
Investments:		
Fixed maturities available for sale, at fair value, at December 31, 2000 includes $248,512 of pledged fixed maturity securities related to secured trust deposits	$1,188,681	$ 347,051
Equity securities, at fair value	39,959	38,881
Other long-term investments, at cost, which approximates fair value	46,870	43,253
Short-term investments, at December 31, 2000 includes $210,861 of pledged short-term investments related to secured trust deposits	409,317	74,232
Investments in real estate and partnerships, net	504	3,499
Total investments	1,685,331	506,916
Cash and cash equivalents, at December 31, 2000 includes $132,141 of pledged cash related to secured trust deposits	262,955	38,569
Leases and residual interests in securitizations	151,052	142,141
Trade receivables, net	127,633	60,784
Notes receivable, net	16,381	18,304
Income taxes receivable	22,343	--
Cost in excess of net assets acquired, net	770,060	53,576
Prepaid expenses and other assets	231,118	75,310
Title plants	275,295	59,914
Property and equipment, net	172,838	55,453
Deferred tax asset	118,979	31,579
	$3,833,985	$1,042,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	$ 446,394	$ 135,943
Notes payable	791,430	226,359
Reserve for claim losses	907,482	239,962
Secured trust deposits	576,350	--
Income taxes payable	--	3,175
	2,721,656	605,439
Minority interests	5,592	4,613
Stockholders' equity:		
Preferred stock, $.0001 par value; authorized, 3,000,000 shares; issued and outstanding, none	--	--
Common stock, $.0001 par value; authorized, 100,000,000 shares as of December 31, 2000 and 50,000,000 shares as of December 31, 1999; issued, 69,499,409 as of December 31, 2000 and 39,224,169 as of December 31, 1999	7	4
Additional paid-in capital	695,141	246,959
Retained earnings	409,216	327,785
	1,104,364	574,748
Accumulated other comprehensive earnings (loss)	2,373	(5,975)
Less treasury stock, cancelled in 2000 and 12,036,102 shares as of December 31, 1999, at cost	--	(136,279)
	1,106,737	432,494
	$3,833,985	$1,042,546

See Notes to Consolidated Financial Statements.

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
REVENUE:			
Title insurance premiums	$1,946,159	$ 939,452	$ 910,278
Escrow and other title related fees	459,121	206,570	215,254
Real estate related services	166,718	67,844	69,970
Interest and investment income, including realized gains and losses	87,191	32,045	44,502
Other income	82,805	109,943	53,376
	2,741,994	1,355,854	1,293,380
EXPENSES:			
Personnel costs	845,349	407,078	394,284
Other operating expenses	626,308	332,296	258,866
Agent commissions	884,498	423,675	385,649
Provision for claim losses	97,322	52,713	59,294
Interest expense	59,374	15,626	17,024
	2,512,851	1,231,388	1,115,117
Earnings before income taxes and amortization of cost in excess of net assets acquired	229,143	124,466	178,263
Amortization of cost in excess of net assets acquired	35,003	6,638	3,129
Earnings before income taxes	194,140	117,828	175,134
Income tax expense	85,825	46,975	69,442
Net earnings	$ 108,315	$ 70,853	$ 105,692
Basic net earnings per share	$ 1.84	$ 2.38	$ 3.79
Weighted average shares outstanding, basic basis	58,821	29,811	27,921
Diluted net earnings per share	$ 1.78	$ 2.27	$ 3.23
Weighted average shares outstanding, diluted basis	60,937	31,336	33,474

See Notes to Consolidated Financial Statements.

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net earnings	$108,315	$ 70,853	$105,692
Other comprehensive earnings (loss):			
Unrealized gains (losses) on investments, net(1)	8,644	(17,678)	(1,608)
Reclassification adjustments for (gains) losses included in net earnings(2)	(296)	46	(10,366)
Other comprehensive earnings (loss)	8,348	(17,632)	(11,974)
Comprehensive earnings	$116,663	$ 53,221	$ 93,718

(1) Net of income tax expense (benefit) of $5.8 million, ($11.3) million and ($1.1) million for 2000, 1999 and 1998, respectively.

(2) Net of income tax expense (benefit) of $198, ($30) and $6.8 million for 2000, 1999 and 1998, respectively.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE EARNINGS (LOSS)	TREASURY STOCK	
	SHARES	AMOUNT				SHARES	AMOUNT
Balance, December 31, 1997	33,362	$ 3	$ 137,569	$167,222	$ 23,631	6,645	$ (54,375)
Exercise of stock options, including associated tax benefit	1,583	--	22,868	--	--	--	--
Other comprehensive loss -- unrealized loss on investments and other financial instruments	--	--	--	--	(11,974)	--	--
Acquisitions	133	--	4,250	--	--	--	--
Conversion of LYONs	462	--	9,201	--	--	--	--
Cash dividends declared ($0.26 per share)	--	--	--	(7,347)	--	--	--
Net earnings	--	--	--	105,692	--	--	--
Balance, December 31, 1998	35,540	3	173,888	265,567	11,657	6,645	(54,375)
Purchase of treasury stock	--	--	--	--	--	5,391	(81,904)
Exercise of stock options, including associated tax benefit	211	--	2,488	--	--	--	--
Other comprehensive loss -- unrealized loss on investments and other financial instruments	--	--	--	--	(17,632)	--	--
Acquisitions	--	--	297	--	--	--	--
Redemption and conversion of LYONs	3,473	1	70,286	--	--	--	--
Cash dividends declared ($0.31 per share)	--	--	--	(8,635)	--	--	--
Net earnings	--	--	--	70,853	--	--	--
Balance, December 31, 1999	39,224	4	246,959	327,785	(5,975)	12,036	(136,279)
Purchase of treasury stock	--	--	--	--	--	39	(551)
Exercise of stock options, including associated tax benefit	3,589	--	63,521	--	--	--	--
Other comprehensive earnings -- unrealized gain on investments and other financial instruments	--	--	--	--	8,348	--	--
Acquisition of Chicago Title Corporation	38,761	4	521,490	--	--	--	--
Retirement of treasury stock	(12,075)	(1)	(136,829)	--	--	(12,075)	136,830
Cash dividends declared ($0.40 per share)	--	--	--	(26,884)	--	--	--
Net earnings	--	--	--	108,315	--	--	--
Balance, December 31, 2000	69,499	$ 7	$ 695,141	$409,216	$ 2,373	--	$ --

See Notes to Consolidated Financial Statements.

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 108,315	$ 70,853	$ 105,692
Adjustment to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	95,427	29,968	21,373
Net increase (decrease) in reserve for claim losses	(3,225)	19,738	22,860
Amortization of LYONs original issue discount and other debt issuance costs	2,480	602	4,432
Provision for losses (recovery) on real estate and notes receivable	1,016	(154)	582
(Gain) loss on sales of investments	3,163	2,093	(19,679)
(Gain) loss on sales of real estate and other assets	(2,962)	(2,017)	2,489
Changes in assets and liabilities, net of effects from acquisitions:			
Net increase in leases and residual interests in securitizations	(12,801)	(48,634)	(39,725)
Tax benefit associated with the exercise of stock options	17,000	--	11,763
Net increase in secured trust deposits	(16,577)	--	--
Net (increase) decrease in trade receivables	(10,775)	15,153	(22,486)
Net increase in prepaid expenses and other assets	(38,556)	(15,604)	(17,703)
Net increase (decrease) in accounts payable, accrued liabilities and minority interests	30,639	(5,831)	35,207
Net decrease in income taxes	(12,081)	(16,303)	(21,280)
Net cash provided by operating activities	161,063	49,864	83,525
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of investment securities available for sale	340,029	87,685	172,991
Proceeds from maturities of investment securities available for sale	64,935	232,770	5,966
Proceeds from sales of title plant	--	1,100	--
Proceeds from sales of other assets	--	2,168	6,848
Proceeds from sales of real estate	6,170	1,380	--
Collections of notes receivable	11,833	5,213	9,372
Additions to title plants	(1,673)	(2,092)	(1,480)
Additions to property and equipment	(47,953)	(29,313)	(22,393)
Additions to notes receivable	(10,135)	(12,768)	(11,717)
Purchases of investment securities available for sale	(282,164)	(375,069)	(251,753)
Net (purchases) proceeds from short-term investment activities	(196,414)	34,895	(62,981)
Investments in real estate and partnerships	--	(559)	--
Sale of subsidiary, net of cash	--	2,469	--
Acquisition of businesses, net of cash acquired	(537,980)	--	(1,036)
Net cash used in investing activities	(653,352)	(52,121)	(156,183)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings	767,040	108,878	84,287
Principal payments	(205,861)	(22,936)	(28,877)
Dividends paid	(22,615)	(8,192)	(6,340)
Exercise of stock options	46,521	2,488	11,105
Purchases of treasury stock	(551)	(81,904)	--
Net cash provided by (used in) financing activities	584,534	(1,666)	60,175
Net increase (decrease) in cash and cash equivalents	92,245	(3,923)	(12,483)
Cash and cash equivalents at beginning of year	38,569	42,492	54,975
Cash and cash equivalents at end of year	$ 130,814	$ 38,569	$ 42,492

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000 AND 1999 AND FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following describes the significant accounting policies of Fidelity National Financial, Inc. and its subsidiaries (collectively, the "Company") which have been followed in preparing the accompanying Consolidated Financial Statements.

Description of Business

Fidelity National Financial, Inc., through its principal subsidiaries (collectively, the "Company"), is the largest title insurance and diversified real estate related services company in the United States. The Company's title insurance underwriters -- Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title -- together issue all of the Company's title insurance policies in 49 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands, and in Canada and Mexico.

In addition, the Company provides a broad array of escrow and other title related services, as well as real estate related services, including: collection and trust activities, trustee's sales guarantees, recordings, reconveyances, property appraisal rights, credit reporting, exchange intermediary services in connection with real estate transactions, real estate tax services, home warranty insurance, foreclosure posting and publishing services, loan portfolio services, flood certification and field services.

The Company's principal title subsidiaries consist of Fidelity National Title Insurance Company, Fidelity National Title Insurance Company of New York, Chicago Title Insurance Company, Chicago Title Insurance Company of Oregon, Ticor Title Insurance Company, Security Union Title Insurance Company and Alamo Title Insurance. The Company's principle underwritten title company subsidiaries consist of Fidelity National Title Company, Fidelity National Title Company of California and Chicago Title Company.

The Company includes the accounts of its majority-owned information-services subsidiary, Micro General Corporation (NASDAQ: MGEN, "Micro General") in its consolidated results. As of December 31, 2000, the Company owns 65.7% of Micro General.

The Company also originates, funds, purchases, sells, securitizes and services equipment leases for a broad range of businesses through its wholly-owned subsidiary, FNF Capital, Inc. ("FNF Capital").

Principles of Consolidation and Basis of Presentation

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All material intercompany profits, transactions and balances have been eliminated. The Company's investments in non-majority-owned partnerships and affiliates are accounted for on the equity method. The Company's financial results for the year ended December 31, 2000 include the operations of Chicago Title Corporation ("Chicago Title") for the period from March 20, 2000, the merger date, through December 31, 2000. See Note B.

All dollars presented in the accompanying Consolidated Financial Statements are in thousands, except per share amounts and unless indicated otherwise.

Cash and Cash Equivalents

For purposes of reporting cash flows, highly liquid instruments purchased with original maturities of three months or less are considered cash equivalents. The carrying amounts reported in the Consolidated Balance Sheets for these instruments approximate their fair value.

Investments

Fixed maturity securities are purchased to support the investment strategies of the Company, which are developed based on many factors including rate of return, maturity, credit risk, tax considerations and regulatory requirements. Fixed maturity securities which may be sold prior to maturity to support the Company's investment strategies are carried at fair value and are classified as available for sale as of the balance sheet dates. Fair values for fixed maturity securities are principally a function of current interest rates and are based on quoted market prices. Included in fixed maturities are mortgage-backed securities, which are recorded at purchase cost. Discount or premium is recorded for the difference between the purchase price and the principal amount. The discount or premium is amortized using the interest method and is recorded as an adjustment to interest and investment income. The interest method results in the recognition of a constant rate of return on the investment equal to the prevailing rate at the time of purchase or at the time of subsequent adjustments of book value. Changes in prepayment assumptions are accounted for prospectively.

Equity securities are considered to be available for sale and carried at fair value as of the balance sheet dates. Fair values are based on quoted market prices.

Other long-term investments, which consist of a limited partnership investment in an investment fund, as well as certain other debt instruments and equity investments, are carried at cost, market, or on the equity method, as appropriate.

Short-term investments, which consist primarily of securities purchased under agreements to resell, commercial paper and money market instruments, which have an original maturity of one year or less, are carried at amortized cost, which approximates fair value.

Investments in real estate and partnerships are generally held for investment purposes and are carried at cost in the absence of any other than temporary impairment in value. Investments in real estate which are held for sale, including real estate acquired through foreclosure of properties in satisfaction of commercial and real estate loans, are carried at the lower of cost or fair value less estimated costs to sell.

Realized gains and losses on the sale of investments are determined on the basis of the cost of the specific investments sold and are credited or charged to income on a trade date basis. Unrealized gains or losses on fixed maturity and equity securities which are classified as available for sale, net of applicable deferred income taxes (benefits), are excluded from earnings and credited or charged directly to a separate component of stockholders' equity. If any unrealized losses on fixed maturity or equity securities are deemed other than temporary, such unrealized losses are recognized as realized losses.

Leases and Residual Interests in Securitizations

Leases and residual interests in securitizations includes direct financing leases, direct financing leases assigned to lender and residual interests in securitizations.

Direct Financing Leases

The Company's leases are accounted for as direct financing leases. Under this method, the amount by which gross lease rentals exceed the cost of the related assets, less the estimated recoverable residual value at the expiration of the lease, is recognized as income from direct financing leases over the life of the lease using the interest method. Interest is accrued only if deemed collectible. Direct financing leases which the Company has both the intent and ability to hold to maturity are classified as held to maturity. Direct financing leases originated principally for the purpose of selling in the near term are classified as available for sale and are stated at the lower of amortized cost or market as determined by outstanding commitments from investors or current investor-yield requirements calculated on an aggregate basis.

Direct Financing Leases Assigned to Lender

Direct financing leases securitized through the issuance of a debt security prior to the effective date of Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" ("SFAS 125") are accounted for as collateralized borrowings. The leases collateralizing the debt are recorded as direct financing leases assigned to lenders. The related debt is recorded as notes payable.

Allowance for Credit Losses on Leases

The Company establishes an allowance for credit losses to provide for expected losses in the Company's existing portfolio of leases and leases transferred on a recourse basis. The allowance for credit losses is based on the Company's historical and expected loss experience, industry knowledge and other economic factors. The ultimate obligation for defaults and delinquencies related to leases transferred on a recourse basis is measured and recorded at the time of transfer.

Leases are collateralized by equipment. In addition, lessees generally are required to personally guarantee lease payments. The Company's risk of loss is partially mitigated by recovering collateral and enforcing guarantees. However, the resale value of leased equipment generally declines at a rate greater than the principal of the lease. As a result, full recovery on defaulted leases is not usually possible.

Lease Securitization and Residual Interests in Securitizations

A transfer of financial assets in which control is surrendered is accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in the exchange. Liabilities and derivatives incurred or obtained by the transfer of financial assets are required to be measured at fair value, if practicable. Also, servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying value between the assets sold and the interest retained, if any, based on their relative fair values at the date of transfer.

Residual interests in securitizations ("Residuals") of lease receivables in a trust are recorded as a result of the sale of lease receivables through securitization. The securitizations are generally structured as follows: first, the Company sells a portfolio of lease receivables to a special purpose entity ("SPE") which has been established for the limited purpose of buying and reselling the Company's lease receivables; next, the SPE transfers the same lease receivables to a trust ("Trust"), and the Trust in turn issues interest bearing asset-backed securities ("Bonds and Certificates"), generally in an amount equal to the aggregate initial principal balance of the lease receivables multiplied by an advance rate. The Company typically sells these lease receivables at face value and with limited recourse relating to defaulted loans, prepayments, and certain representations and warranties provided by the Company to the Trust in the form of Bonds and Certificates. One or more investors purchase these Bonds and Certificates and the proceeds from the sale of the Bonds and Certificates are used as consideration to purchase the lease receivables from the Company.

At the closing of each securitization that is accounted for as a sale, the Company removes from its Consolidated Balance Sheet the lease receivables held for sale and adds to its Consolidated Balance Sheet (i) the cash received and
(ii) the allocated cost of the Residuals which consists of (a) cash collateral account ("Cash Collateral Account") and (b) net excess cash flows. The excess of the cash received by the Company

over the allocated cost of the lease receivables sold less transaction costs, equals the net gain on sale recorded by the Company.

The Company allocates its basis in the lease receivables between the portion of the lease receivables sold and the portion retained based on the relative fair values of those portions on the date of the sale.

Residuals are recorded at estimated fair value and accounted for as available for sale securities. Changes in the fair value of the Residuals are recorded as unrealized gains or losses, net of applicable deferred income taxes (benefits), and are excluded from earnings and credited or charged directly to a separate component of stockholders' equity. Included in accumulated other comprehensive earnings (loss) at December 31, 2000 and 1999 are net unrealized losses of $3.2 million and $914, respectively, related to Residuals. The Company is not aware of an active market for the purchase or sale of Residuals at this time. Accordingly, the Company estimates the fair value of the Residuals by calculating the present value of the estimated expected future excess cash flows received by the Company after being released by the Trust (cash out method) using a discount rate of approximately 12%, which management believes is commensurate with the risks involved.

The Company is entitled to the cash flows from the Residuals that represent collections on the lease receivables in excess of the amounts required to pay the Bond and Certificate principal and interest, the base servicing fees and certain other fees such as trustee and custodial fees. At the end of each collection period, the aggregate cash collections from the lease receivables are allocated first to the servicing fees and certain other fees such as trustee and custodial fees for the period, then to the Bond and Certificate holders for interest at the pass-through rate on the Bonds and Certificates plus principal, as defined in the Trust and Security Agreements. If the amount of cash required for the above allocations exceeds the amount collected during the collection period, the shortfall is drawn from the Cash Collateral Account. If the cash collected during the period exceeds the amount necessary for the above allocations, and there is no shortfall in the related Cash Collateral Account, the excess is released to the Company. If the Cash Collateral Account balance is not at the required credit enhancement level, the excess cash collected is used to build the Cash Collateral Account until the credit enhancement level is achieved. The specified credit enhancement levels are defined in the applicable Trust and Security Agreements, which are expressed generally as a percentage of either the original or current collateral principal balance.

The implicit interest rate on the lease receivables is relatively high in comparison to the pass-through rate on the Bonds and Certificates. In determining the value of the Residuals described above, the Company estimates the future rates of prepayments, delinquencies, defaults and default loss severity as they impact the amount and timing of the estimated cash flows. The Company uses a zero prepayment estimate because the lease contracts generally require the lessee to pay all or a majority of the lease payments due under the remaining lease term. The Company's loss estimate is 2.5% to 4.5% of the lease net investment value, which is based on historical loss data for comparable leases and the specific characteristics of the leases originated by the Company. The Company's default estimates resulted in a weighted average life of the pool of leases of between approximately 1.5 and 2.0 years.

In future periods, the Company may increase the carrying value of the Residuals if the actual performance of the lease receivables results in an estimated fair value higher than the original estimate. If the actual performance of the lease receivables results in an estimated fair value that is lower than the original estimate, a decrease in the carrying value of the Residuals may be required.

During 2000 and 1999, the Company sold equipment leases and loans in securitization transactions. In all those securitizations, the Company retained servicing responsibilities and subordinated interests. The Company receives annual servicing fees approximating $6.00 per serviced contract and rights to future cash flows arising after the investors in the securitization trust have received the return for which they contracted. The investors and the securitization trusts have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are subordinate to investor's interests. Their value is subject to credit, prepayment and interest rate risks on the transferred financial assets.

Sales of Leases

Gains or losses resulting from the sales of leases are recognized in the accompanying Consolidated Statements of Earnings at the date of sale and are based upon the excess of the proceeds over the allocated cost of the leases sold. Nonrefundable fees and direct costs associated with the origination of leases are deferred and recognized when the leases are sold.

Lease Acquisition Costs and Broker Commissions

Lease acquisition costs consist of broker bonuses and commissions paid upon the origination of equipment lease contracts. The costs are included in direct finance leases and are amortized to expense over the life of the related lease using the interest method.

Trade Receivables

The carrying values reported in the Consolidated Balance Sheets for trade receivables approximate their fair value.

Fair Value of Financial Instruments

The fair values of financial instruments presented in the applicable notes to the Company's Consolidated Financial Statements are estimates of the fair values at a specific point in time using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data. Therefore, the fair values presented are not necessarily indicative of amounts the Company could realize or settle currently. The Company does not necessarily intend to dispose of or liquidate such instruments prior to maturity.

Title Plants

Title plants are recorded at the cost incurred to construct or obtain and organize historical title information to the point it can be used to perform title searches. Costs incurred to maintain, update and operate title plants are expensed as incurred. Title plants are not amortized as they are considered to have an indefinite life if maintained. Sales of title plants are reported at the amount received net of the adjusted costs of the title plant sold. Sales of title plant copies are reported at the amount received. No cost is allocated to the sale of copies of title plants unless the carrying value of the title plant is diminished or impaired.

Property and Equipment

Property and equipment are recorded at cost, less depreciation. Depreciation is computed primarily using the straight-line method based on the estimated useful lives of the related assets which range from three to thirty years. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the applicable lease or the estimated useful lives of such assets.

Cost in Excess of Net Assets Acquired and Other Intangible Assets

Intangible assets include cost in excess of net assets acquired, capitalized software costs and capitalized debt offering costs, and are amortized on a straight-line basis over three to forty years. At December 31, 2000, intangible assets consist of cost in excess of net assets acquired of $822.8 million less accumulated amortization of $52.7 million, capitalized software costs of $33.6 million less accumulated amortization of $17.0 million and capitalized debt offering costs of $13.5 million less accumulated amortization of $3.6 million. Intangible assets at December 31, 1999 consist of cost in excess of net assets acquired of $67.3 million less accumulated amortization of $13.7 million, capitalized software of $18.3 million less accumulated amortization of $10.0 million and capitalized debt offering costs of $2.1 million less accumulated amortization of $1.1 million.

Impairment of intangible assets is monitored on a continual basis, and is assessed based on an analysis of the undiscounted cash flows generated by the underlying assets. In 2000, the Company recorded pre-tax impairment losses totaling $7.0 million, primarily relating to the write off of cost in excess of net assets acquired and capitalized software costs of non-title related businesses. These amounts are included as part of the $13.4 million after tax, non-recurring charges the Company recorded in the first quarter of 2000.

Income Taxes

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period enacted.

Reserve for Claim Losses

The Company's reserve for claim losses includes known claims as well as losses the Company expects to incur, net of recoupments. Each known claim is reserved for on the basis of a review by the Company as to the estimated amount of the claim and the costs required to settle the claim. Reserves for claims which are incurred but not reported are provided for at the time premium revenue is recognized based on historical loss experience and other factors, including industry averages, claim loss history, current legal environment, geographic considerations and type of policy written.

The reserve for claim losses also includes reserves for losses arising from the escrow, closing and disbursement functions due to fraud or operational error based on historical experience.

If a loss is related to a policy issued by an independent agent, the Company may proceed against the independent agent pursuant to the terms of the agency agreement. In any event, the Company may proceed against third parties who are responsible for any loss under the title insurance policy under rights of subrogation. See Note I.

Reinsurance

In the ordinary course of business, the Company reinsures certain risks with other insurers for the purpose of limiting its maximum loss exposure and also assumes reinsurance for certain risks of other insurers for the purpose of earning additional revenue. The Company also cedes a portion of certain policy and other liabilities under agent fidelity, excess of loss and case-by-case reinsurance agreements. Reinsurance agreements provide that in the event of a loss (including costs, attorneys' fees and expenses) exceeding the retained amounts, the reinsurer is liable for the excess amount assumed. However, the ceding company remains primarily liable in the event the reinsurer does not meet its contractual obligations. The Company has a $30.9 million reinsurance recoverable from Lloyds of London on claim loss expense recoverables as of December 31, 2000.

Title Premiums, Escrow and Other Title Related Fees, Real Estate Related Services and Other Income

Title insurance premiums and escrow and other title related fees are recognized as revenue at the time of closing of the related transaction as the earnings process is considered complete. Real estate related services and other income are recognized over the period the related services are provided.

Other income represents revenue generated from the operations of Micro General, FNF Capital and Express Network, Inc. ("ENI"), which was sold in the second quarter of 2000.

Share and Per Share Restatement

On December 13, 1998, the Company declared a 10% stock dividend to stockholders of record on December 28, 1998, distributed January 12, 1999. The par value of the additional shares of common stock issued in connection with the stock dividend was credited to common stock and a like amount charged to retained earnings as of December 31, 1998. Fractional shares were paid in cash.

All data with respect to earnings per share, dividends per share and share information, including price per share where applicable, in the Consolidated Financial Statements and Notes thereto have been retroactively adjusted to reflect all stock dividends and splits.

Earnings Per Share

Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing net earnings available to common stockholders plus the impact of assumed conversions of dilutive potential securities. The Company has granted certain options and warrants which have been treated as common share equivalents for purposes of calculating diluted earnings per share. The Liquid Yield Option Notes ("LYONs") are considered other dilutive securities for purposes of calculating diluted earnings per share to the extent that they are not antidilutive.

The following table presents the computation of basic and diluted earnings per share::

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net earnings, basic basis	$108,315	$70,853	$105,692
Plus: Impact of assumed conversion of the LYONS, net of applicable income taxes	--	263	2,463
Diluted earnings	$108,315	$71,116	$108,155
Weighted average shares outstanding during the year, basic basis	58,821	29,811	27,921
Plus: Common stock equivalent shares assumed from conversion of options	2,116	1,172	1,859
Common stock equivalent shares assumed from conversion of LYONS	--	353	3,694
Weighted average shares outstanding during the year, diluted basis	60,937	31,336	33,474
Basic earnings per share	$ 1.84	$ 2.38	$ 3.79
Diluted earnings per share	$ 1.78	$ 2.27	$ 3.23

Management Estimates

The preparation of these Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain Reclassifications

Certain reclassifications have been made in the 1999 and 1998 Consolidated Financial Statements to conform to the classifications used in 2000.

B. ACQUISITIONS

On March 20, 2000, Chicago Title Corporation ("Chicago Title") merged with and into the Company pursuant to an Agreement and Plan of Merger, dated August 1, 1999, as amended on October 13, 1999. Pursuant to the merger agreement, Chicago Title stockholders received aggregate merger consideration valued at approximately $1.1 billion. The merger consideration was paid in the form of 1.7673 shares of Company common stock and $26.00 in cash for each share of Chicago Title common stock, resulting in the issuance of approximately 38.8 million shares of Company common stock valued at an average price during the applicable trading period of $13.1771 per share and the payment of approximately $570.2 million in cash. The merger was accounted for as a purchase.

In connection with the merger, the Company entered into a syndicated credit agreement. See Note G. Amounts borrowed under the credit agreement were used to finance the cash portion of the merger consideration, to refinance previously existing indebtedness, to pay fees and expenses incurred in connection with the merger and to fund other general corporate purposes.

The assets acquired, including cost in excess of net assets acquired, which is amortized over a period of 20 years, and liabilities assumed in the Chicago Title merger were as follows (dollars in thousands):

Tangible assets acquired at fair value......................	$ 1,779,653
Cost in excess of net assets acquired......................	755,551
Liabilities assumed at fair value..........................	(1,428,744)
Total purchase price.............................	$ 1,106,460

Selected unaudited pro forma combined results of operations for the years ended December 31, 2000 and 1999, assuming the merger had occurred as of January 1, 2000 and January 1, 1999, and using actual general and administrative expenses prior to the merger, are set forth below:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Total revenue	$3,074,254	$3,382,331
Net earnings before merger-related expenses and non-recurring charges	$ 119,078	$ 128,931
Net earnings	$ 85,290	$ 124,199
Basic net earnings per share before merger-related expenses and non-recurring charges	$ 1.77	$ 1.88
Diluted net earnings per share before merger-related expenses and non-recurring charges	$ 1.72	$ 1.83
Basic net earnings per share	$ 1.27	$ 1.81
Diluted net earnings per share	$ 1.23	$ 1.76

C. INVESTMENTS

The carrying amounts and fair values of the Company's fixed maturity securities at December 31, 2000 and 1999 are as follows:

	DECEMBER 31, 2000				
	CARRYING VALUE	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
	(DOLLARS IN THOUSANDS)				
Fixed maturity investments (available for sale):					
U.S. government and agencies	$ 230,992	$ 226,000	$ 5,425	$ (433)	$ 230,992
States and political subdivisions	501,625	492,584	9,200	(159)	501,625
Corporate securities	250,634	247,980	5,824	(3,170)	250,634
Foreign government bonds	3,150	3,085	65	--	3,150
Mortgage-backed securities	202,280	196,662	5,963	(345)	202,280
	$1,188,681	$1,166,311	$26,477	$(4,107)	$1,188,681

	DECEMBER 31, 1999				
	CARRYING VALUE	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
	(DOLLARS IN THOUSANDS)				
Fixed maturity investments (available for sale):					
U.S. government and agencies..........	$ 46,063	$ 48,049	$ 4	$(1,990)	$ 46,063
States and political subdivisions.....	203,571	205,929	462	(2,820)	203,571
Corporate securities..................	93,486	95,781	124	(2,419)	93,486
Foreign government bonds..............	75	75	--	--	75
Mortgage-backed securities............	3,856	3,991	39	(174)	3,856
	$ 347,051	$ 353,825	$ 629	$(7,403)	$ 347,051

The change in unrealized gains (losses) on fixed maturities for the years ended December 31, 2000, 1999, and 1998 was $29.1 million, ($13.9) million and $3.2 million, respectively.

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

The following table presents certain information regarding the Company's fixed maturity securities at December 31, 2000:

MATURITY	DECEMBER 31, 2000 AMORTIZED COST	% OF TOTAL	FAIR VALUE	% OF TOTAL
	(DOLLARS IN THOUSANDS)			
One year or less	$ 102,891	8.8%	$ 102,988	8.7%
After one year through five years	545,397	46.8	551,720	46.4
After five years through ten years	247,638	21.2	254,617	21.4
After ten years	73,723	6.3	77,076	6.5
	969,649		986,401	
Mortgage-backed securities	196,662	16.9	202,280	17.0
	$1,166,311	100.0%	$1,188,681	100.0%
Subject to call	$ 81,421	7.0%	$ 81,762	6.9%

Fixed maturity securities valued at approximately $34.3 million and $16.3 million were on deposit with various governmental authorities at December 31, 2000 and 1999, respectively, as required by law.

Equity securities at December 31, 2000 and 1999 consist of investments in various industry groups as follows:

	DECEMBER 31, 2000 COST	2000 FAIR VALUE	1999 COST	1999 FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Banks, trust and insurance companies	$ 1,726	$ 2,037	$ 1,559	$ 1,628
Industrial, miscellaneous and all other	51,224	37,922	38,180	37,253
	$52,950	$39,959	$39,739	$38,881

The carrying value of the Company's investment in equity securities is fair value. As of December 31, 2000, gross unrealized gains and gross unrealized losses on equity securities were $4.0 million and $17.0 million, respectively. Gross unrealized gains and gross unrealized losses on equity securities were $8.4 million and $9.2 million, respectively, as of December 31, 1999.

The change in unrealized gains (losses) on equity securities for the years ended December 31, 2000, 1999 and 1998 was ($12.2) million,

($13.3) million and ($23.4) million, respectively.

Interest and investment income, including realized gains (losses), consists of the following:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash and cash equivalents	$ 4,194	$ 1,681	$ 2,798
Fixed maturity securities	59,520	15,692	13,014
Equity securities	4,180	3,516	25,225
Short-term investments	15,203	3,219	1,483
Notes receivable	4,822	3,569	1,913
Other	(728)	4,368	69
	$87,191	$32,045	$44,502

Net realized gains (losses) included in interest and investment income amounted to ($201), ($76) and $17.2 million for the years ended December 31, 2000, 1999 and 1998, respectively. There were no individually significant net realized gains or losses in 2000 or 1999. Net realized gains in 1998 include a gain of approximately $9.7 million related to the conversion of the Company's investment in Data Tree Corporation common stock to common stock of First American Corporation. All amounts are before applicable income taxes.

During the years ended December 31, 2000, 1999 and 1998, gross realized gains on sales of fixed maturity securities considered available for sale were $1.7 million, $384 and $700, respectively; and gross realized losses were $586, $277 and $268, respectively. Gross proceeds from the sale of fixed maturity securities considered available for sale amounted to $289.6 million, $38.2 million and $64.4 million during the years ended December 31, 2000, 1999 and 1998, respectively.

During the years ended December 31, 2000, 1999 and 1998, gross realized gains on sales of equity securities considered available for sale were $8.9 million, $6.3 million and $32.6 million, respectively; and gross realized losses were $9.4 million, $7.2 million and $11.0 million, respectively. Gross proceeds from the sale of equity securities amounted to $50.4 million, $49.5 million and $108.6 million during the years ended December 31, 2000, 1999 and 1998, respectively.

D. LEASES AND RESIDUAL INTERESTS IN SECURITIZATIONS

Direct Financing Leases

Direct financing leases at December 31, 2000 and 1999 consist of the following:

	DECEMBER 31, 2000	
	DIRECT FINANCING LEASES	DIRECT FINANCING LEASES ASSIGNED TO LENDER
	(DOLLARS IN THOUSANDS)	
Minimum lease payments receivable......................	$55,521	$102,628
Estimated residual values of leased property...........	2,455	2,542
Lease acquisition costs and broker commissions.........	1,714	5,310
Unearned income..	(9,801)	(26,702)
Allowance for credit losses............................	(3,389)	(3,514)
Security deposits......................................	(2,485)	(2,025)
	$44,015	$ 78,239

	DECEMBER 31, 1999	
	DIRECT FINANCING LEASES	DIRECT FINANCING LEASES ASSIGNED TO LENDER
	(DOLLARS IN THOUSANDS)	
Minimum lease payments receivable	$123,733	$ 2,527
Estimated residual values of leased property	5,179	395
Lease acquisition costs and broker commissions	3,221	11
Unearned income	(25,876)	(232)
Allowance for credit losses	(13,841)	(120)
Security deposits	(321)	(42)
	$ 92,095	$ 2,539

Scheduled collections of minimum lease payments receivable are as follows:

	DIRECT FINANCING LEASES	DIRECT FINANCING LEASES ASSIGNED TO LENDER
	(DOLLARS IN THOUSANDS)	
2001	$ 17,554	$ 27,474
2002	14,479	26,669
2003	11,736	22,255
2004	7,764	17,103
2005	3,791	8,301
Thereafter	197	826
	$ 55,521	$102,628

At December 31, 2000, the weighted average implicit rate of interest is approximately 12.5%.

The carrying value of the direct financing leases at December 31, 2000 and 1999 approximates fair value because of the short-term period that these leases are held before sale or securitization or, in certain cases, because the interest rate approximates current market rates. The fair value of the direct financing leases assigned to lender at December 31, 2000 and 1999 approximated the carrying value because the interest rate on the related Class A Lease-Backed Term Notes approximates current market rates.

Lease Securitization and Residual Interests in Securitizations

The Company has completed eight securitization facilities that provide for aggregate funding limits of approximately $646.0 million and $546.0 million as of December 31, 2000 and 1999, respectively. Three of the securitization facilities, GF Funding IV, GF Funding V and GF Funding VII, are revolving facilities. GF Funding I and VI and FNF Funding IX are accounted for as collateralized borrowings. GF Funding I matured during 2000, GF Funding VI was redeemed during 2000 and GF Funding VII was closed during 2000. See Note G.

The following table presents certain information related to the Company's securitization facilities at December 31, 2000 and 1999:

	DECEMBER 31,					
	2000			1999		
	AVAILABLE CREDIT	OUTSTANDING BALANCE	NET RESIDUAL INTEREST	AVAILABLE CREDIT	OUTSTANDING BALANCE	NET RESIDUAL INTEREST
	(DOLLARS IN THOUSANDS)					
GF Funding II	$ --	$ 8,556	$ 4,774	$ --	$ 22,359	$ 6,239
GF Funding III	--	3,616	1,733	--	9,150	2,060
GF Funding IV	--	57,384	12,251	--	97,033	22,330
GF Funding V	--	21,558	3,586	--	38,703	6,065
GF Funding VIII	--	61,626	6,454	574	87,144	10,813
FNF Funding IX	34,826	65,378	--	--	--	--
	$34,826	$218,118	$28,798	$574	$254,389	$47,507

E. NOTES RECEIVABLE

Notes receivable consist of the following:

	DECEMBER 31, 2000	1999
	(DOLLARS IN THOUSANDS)	
Mortgage notes, secured by various deeds of trust, installments due monthly including interest at rates ranging from 8.0% to 12.5%, due through 2026..............	$ 858	$ 975
Promissory notes, secured by various assets and unsecured, installments due monthly including interest at rates ranging from 7.5% to 13.0%, due through 2011..............	8,173	8,126
Officer and employee secured and unsecured notes receivable at rates ranging from 7.0% to 11.5%, due through 2004.....	3,572	3,806
Loan Plan and Loan Program, unsecured notes receivable at 5.0% due through 2005....................................	6,651	7,151
	19,254	20,058
Allowance for doubtful receivables..........................	(2,873)	(1,754)
	$16,381	$18,304

The allowance for doubtful receivables is primarily related to certain promissory notes at December 31, 2000 and 1999. Interest income is not recognized on the Company's non-performing notes receivable. There were no non-performing notes receivable at December 31, 2000 or 1999.

On March 17, 1999, the Company's Board of Directors approved the adoption of the Fidelity National Financial, Inc. Employee Stock Purchase Loan Plan ("Loan Plan") and the Non-Employee Director Stock Purchase Loan Program ("Loan Program"). The purpose of the Loan Plan and Loan Program is to provide key employees and directors with further incentive to maximize stockholder value. The Company offered an aggregate of $8.7 million in loans. Loan Plan and Loan Program funds must be used to make private or open market purchases of Company common stock through a broker-dealer designated by the Company. All loans are full recourse and unsecured, and have a five-year term. Interest accrues on the loans at a rate of 5.0% per annum, due at maturity. These loans may be prepaid any time without penalty. As of December 31, 1999, loans had been made in the amount of $7.2 million to purchase 484,000 shares of Company common stock at an average purchase price of $15.41 per share. There have been no significant purchases since December 31, 1999. As of December 31, 2000 $6.7 million of loans under these programs were outstanding.

The carrying value and estimated fair values of the Company's notes receivable were as follows at December 31, 2000 and 1999:

	DECEMBER 31,			
	2000		1999	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Mortgage notes	$ 808	$ 808	$ 920	$ 920
Other promissory notes	6,162	6,162	7,126	7,126
Affiliated notes	2,760	2,760	3,107	3,107
Loan Plan and Loan Program	6,651	6,651	7,151	7,151
	$16,381	$16,381	$18,304	$18,304

The fair values of significant notes receivable are established using discounted cash flow analyses based on current market interest rates and comparison of rates being received to interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. All other notes receivable are not significant individually or in the aggregate, or are current and at market rates, and their carrying value approximates fair value.

F. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
Land	$ 19,209	$ 1,724
Buildings	24,499	3,921
Leasehold improvements	48,252	18,141
Furniture, fixtures and equipment	214,909	142,717
	306,869	166,503
Accumulated depreciation and amortization	(134,031)	(111,050)
	$ 172,838	$ 55,453

G. NOTES PAYABLE

Notes payable, excluding Lease-Backed notes payable, consist of the following:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS)	
Syndicated credit agreement, unsecured, interest due quarterly at LIBOR plus 1.125% (7.765% at December 31, 2000), unused portion of $100,500 at December 31, 2000....	$662,000	$ --
Receivable conduit facility, secured by security interests in certain leases and underlying equipment, interest due monthly at LIBOR plus .80% (6.38% at December 31, 2000), due November 2001, unused portion of $34,826 at December 31, 2000....	65,174	--
Bank promissory notes, secured by equipment, principal and interest due monthly with various interest rates and maturities....	23,646	36,672
Bank line of credit, secured by equipment, interest due monthly at LIBOR plus 1.40% (8.06% at December 31, 2000), unused portion of $3,739 and $8,638 at December 31, 2000 and 1999, due July 2001....	16,261	1,362
Bank promissory notes, secured by security interests in certain leases and underlying equipment, interest due monthly at various fixed rates (8.39% - 10.25% at December 31, 2000), due at various maturities....	11,869	--
Bank revolving credit facility, secured by common stock of certain subsidiaries, interest due monthly at LIBOR plus 1.15%, unused portion of $25,500 at December 31, 1999, due July 2001, repaid and terminated March 2000....	--	124,500
Bank revolving credit facility, unsecured, interest due monthly at LIBOR plus 1.15%, no unused portion at December 31, 1999, due September 2000, repaid and terminated March 2000....	--	25,000
Bank revolving line of credit, warehouse line, secured by security interests in certain leases and underlying equipment, interest due monthly at LIBOR plus 1.75%, unused portion of $21,929 at December 31, 1999, due November 2000, repaid and terminated November 2000....	--	28,071
Other promissory notes with various interest rates and maturities....	12,480	2,812
	$791,430	$218,417

The carrying value of the Company's notes payable, excluding Lease-Backed notes payable approximated estimated fair values, at December 31, 2000 and 1999. The fair value of the Company's fixed rate and variable rate notes payable is estimated using discounted cash flow analyses based on current market interest rates and comparison of interest rates being paid to the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Also included in notes payable in the Consolidated Balance Sheets as of December 31, 1999 were $2.1 million of Class A Lease-Backed Term Note due 2001. See Note D. The GFI Class A Lease-Backed Note bears interest at 6.33% and was paid in full in July 2000. The carrying value of the GFI Class A Lease-Backed term note approximates fair value at December 31, 1999 since the interest rate paid on the GFI Class A Lease-Backed Note approximates market rates.

Notes payable in the Consolidated Balance Sheet as of December 31, 1999 also included $3.0 million of GFVI Class A Certificates and the $2.8 million Class B Certificates. See Note D. The Class A and Class B Certificates bear interest at 6.20%, and were paid in full in July 2000. The carrying value of the Class A and

Class B Certificates approximates fair value at December 31, 1999 since the interest rate paid on the Class A and Class B Certificates approximates market rates.

In connection with the Chicago Title merger, the Company entered into a syndicated credit agreement. The credit agreement provides for three distinct credit facilities:

- $100.0 million, 18 month revolving credit facility due September 30, 2001;

- $250.0 million, 6 year revolving credit facility due March 19, 2006; and

- $450.0 million term loan facility with a 6 year amortization period, due March 19, 2006.

The credit agreement bears interest at a variable rate of interest based on the debt ratings assigned to the Company by certain independent agencies, and is unsecured. The current interest rate is LIBOR plus 1.125%. Amounts borrowed under the credit agreement were used to pay the cash portion of the merger consideration, to refinance previously existing indebtedness, to pay fees and expenses incurred in connection with the merger and to fund other general corporate purposes.

The credit agreement and other debt facilities impose certain affirmative and negative covenants on the Company relating to current debt ratings, certain financial ratios related to liquidity, net worth, capitalization, investments, acquisitions and restricted payments, and certain dividend restrictions. The Company is in compliance with all of its debt covenants as of December 31, 2000.

Subsequent to December 31, 2000, the Company issued 8,050,000 shares of its common stock at a public offering price of $33.50 per share. Proceeds from this offering, net of underwriting discounts and commissions and other related expenses, were $256.2 million. Net proceeds of $100.0 million were used to repay in full and terminate the $100.0 million, 18 month revolving credit facility and net proceeds of $149.5 million were used to pay down in full the $250.0 million, 6 year revolving credit facility. The remainder of the cash proceeds are available for general corporate purposes.

In February 1994, the Company issued zero coupon, convertible subordinated Liquid Yield Option Notes ("LYONs") due February 2009 at an interest rate of
5.5% with a principal amount at maturity of $235.8 million. Net proceeds to the Company were approximately $101.0 million. The proceeds were used for investment and general corporate purposes. The amount of LYONs outstanding on December 31, 1998 was $124.1 million. On February 15, 1999, the Company redeemed, pursuant to the terms of the LYONs indenture, its outstanding Liquid Yield Option Notes due 2009 for $581.25 per $1,000 maturity value. Additionally, the LYONs holders had the right to convert the outstanding LYONs to 28.077 shares of Company common stock per $1,000 maturity value of LYONs at any time. As of February 15, 1999, $123.7 million maturity value of LYONs had converted to 3,473,000 shares of common stock, adding approximately $70.0 million to equity while reducing outstanding notes payable by a like amount. The remaining $432 of maturity value was redeemed for cash of approximately $251.

Principal maturities, excluding the $249.5 million of syndicated credit agreement borrowings repaid subsequent to December 31, 2000, are as follows (dollars in thousands):

2001	$165,804
2002	79,599
2003	84,462
2004	89,331
2005	97,734
Thereafter	25,000
	$541,930

H. INCOME TAXES

Income tax expense consists of the following:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Current	$57,888	$49,383	$ 82,267
Deferred	27,937	(2,408)	(12,825)
	$85,825	$46,975	$ 69,442

The effective income tax rate differs from the statutory income tax rate as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Statutory income tax rate..................................	35.0%	35.0%	35.0%
Tax exempt interest income.................................	(3.8)	(2.9)	(1.6)
Amortization of cost in excess of net assets acquired.......	7.0	2.1	0.6
Non-deductible expenses....................................	2.0	1.8	1.1
State taxes, net of Federal deduction......................	2.8	2.8	3.6
Other..	1.2	1.1	1.0
	44.2%	39.9%	39.7%

The deferred tax assets and liabilities at December 31, 2000 and 1999 consist of the following:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS)	
Deferred Tax Assets:		
Provision for claim losses in excess of statutory amounts	$116,998	$ 65,888
Employee benefit accruals	48,030	11,314
Excess book over tax provision for bad debts	1,939	3,560
Accrued liabilities	6,753	9,738
Deferred state income taxes	3,072	2,450
Investment securities	10,768	3,157
Other assets	30,723	823
Net operating loss carryovers	2,707	5,324
Lease accounting	--	116
Accelerated depreciation	--	415
	220,990	102,785
Less: Valuation allowance	4,817	4,817
Total deferred tax assets	216,173	97,968
Deferred Tax Liabilities:		
Statutory unearned premium reserve	52,593	54,321
Section 338 (h)(10) gain deferral	1,246	1,246
Lease accounting	6,085	--
Other liabilities	35,536	8,251
Other	1,734	2,571
Total deferred tax liabilities	97,194	66,389
Net deferred tax asset	$118,979	$ 31,579

Based upon the Company's current and historical pretax earnings, management believes it is more likely than not that the Company will realize the benefit of its existing deferred tax assets, net of the recorded valuation allowance. Management believes the existing net deductible temporary differences will reverse during periods in which the Company generates net taxable income. However, there can be no assurance that the Company will generate any earnings or any specific level of continuing earnings in future years. Certain tax planning or other strategies could be implemented, if necessary, to supplement income from operations to fully realize recorded tax benefits.

The Company's 1995 and 1996 federal income tax returns are currently under examination by the Internal Revenue Service. Based on information currently available, management does not believe the outcome of these examinations will have a material impact on the Company.

I. SUMMARY OF RESERVE FOR CLAIM LOSSES

A summary of the reserve for claim losses follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Beginning balance	$239,962	$224,534	$201,674
Reserves assumed	669,837(1)	--	--
Reserves transferred	--	(4,310)(2)	--
Claim loss provision related to:			
Current year	108,985	57,321	59,294
Prior years	(11,663)	(4,608)	--
Total claim loss provision	97,322	52,713	59,294
Claims paid, net of recoupments related to:			
Current year	(6,479)	(1,229)	(1,045)
Prior years	(93,160)	(31,746)	(35,389)
Total claims paid, net of recoupments	(99,639)	(32,975)	(36,434)
Ending balance	$907,482	$239,962	$224,534
Provision for claim losses as a percentage of title insurance premiums	5.0%	5.6%	6.5%

(1) In connection with the Chicago Title merger on March 20, 2000, the Company assumed Chicago Title's then outstanding reserve for claim losses.

(2) On March 18, 1998, the Company announced that it had entered into an agreement to sell National Title Insurance of New York Inc. ("National") to American Title Company, a wholly-owned subsidiary of American National Financial, Inc. ("ANFI"), for $3.25 million, subject to regulatory approval and certain other conditions. The purchase price was structured at a premium to book value. As of December 31, 2000, the Company holds a 28.3% interest in ANFI. National was acquired in April 1996, as part of the Nations Title Inc. acquisition, and has not been actively underwriting policies since that time. This transaction received regulatory approval on May 27, 1999 and closed on June 10, 1999. The Company recognized a gain of approximately $1.2 million prior to applicable income taxes, in connection with the sale of National. This gain has been reflected in the Consolidated Statement of Earnings for the year ended December 31, 1999.

The favorable development on prior years loss reserves during 2000 and 1999 was attributable to lower than expected payment levels on recent issue years which included a high proportion of refinance business.

J. COMMITMENTS AND CONTINGENCIES

The Company's title insurance underwriting subsidiaries are, in the ordinary course of business, subject to claims made under, and from time-to-time are named as defendants in legal proceedings relating to, policies of insurance they have issued or other services performed on behalf of insured policyholders and other customers. The Company believes that the reserves reflected in its Consolidated Financial Statements are adequate to pay losses and loss adjustment expenses which may result from such claims and proceedings; however, such estimates may be more or less than the amount ultimately paid when the claims are settled.

The Company has entered into various employment agreements with officers of the Company. These agreements provide for a specified salary to be paid to the officers and include incentive compensation

arrangements. The agreements contain non-compete provisions. The terms of the agreements range from three to five years and normally contain extension provisions.

In the ordinary course of business, the Company is involved in various pending and threatened litigation matters related to its operations, some of which include claims for punitive or exemplary damages. Management believes that no actions, other than those listed below, depart from customary litigation incidental to the business of the Company and that the resolution of all such litigation will not have a material adverse effect on the Company.

The Company has been named as a defendant in five class action lawsuits alleging irregularities and violations of title and escrow practices. One of these suits was filed by the Attorney General of the State of California on behalf of the California Controller and the California Department of Insurance against the entire title and escrow industry in California. The other four were filed by private law firms in State and Federal courts in San Francisco and in Los Angeles. In February 2000 the Company reached a settlement of the lawsuit filed by the California Department of Insurance. The settlement does not call for any fine or penalty to be paid by the Company. Two of the other lawsuits brought by private firms have been dismissed. The Company is vigorously defending the remaining lawsuits. The Company does not believe that the resolution of these lawsuits will have a material impact on the Company.

In conducting its operations, the Company routinely holds customers' assets in trust, pending completion of real estate transactions. Certain of these amounts are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets. The Company has a contingent liability relating to proper disposition of these balances for its customers which amounted to $2.9 billion at December 31, 2000.

The Company leases certain of its premises and equipment under leases which expire at various dates. Several of these agreements include escalation clauses and provide for purchases and renewal options for periods ranging from one to five years.

Future minimum operating lease payments are as follows (dollars in thousands):

2001	$ 76,712
2002	64,255
2003	49,481
2004	32,754
2005	23,384
Thereafter	39,529
Total future minimum operating lease payments	$286,115

Rent expense incurred under operating leases during the years ended December 31, 2000, 1999 and 1998 was $86.5 million, $36.2 million and $32.6 million, respectively. Included in rent expense for 2000, 1999 and 1998 is $0, $88 and $485, respectively, paid to related parties.

K. REGULATION AND STOCKHOLDERS' EQUITY

Title insurance companies, including underwriters, underwritten title companies and independent agents, are subject to extensive regulation under applicable state laws. Each insurance underwriter is usually subject to a holding company act in its state of domicile which regulates, among other matters, the ability to pay dividends and investment policies. The laws of most states in which the Company transacts business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting principles, financial practices, establishing reserve and capital and surplus as regards policyholders ("capital and surplus") requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. In 1998, the National Association of Insurance Commissioners approved codified accounting practices that changed the definition of what constitutes prescribed statutory accounting practices and will result in changes to the accounting policies that insurance enterprises use to prepare their statutory financial statements commencing in 2001. The Company has evaluated the impact of these rules and believes that the rules do not have a material effect on the statutory capital and surplus of its insurance subsidiaries.

Pursuant to statutory accounting requirements of the various states in which the Company's title insurance subsidiaries are licensed, they must defer a portion of premiums earned as an unearned premium reserve for the protection of policyholders and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined on a quarterly basis by statutory formula based upon either the age, number of policies and dollar amount of policy liabilities underwritten or the age and dollar amount of statutory premiums written. As of December 31, 2000, the combined statutory unearned premium reserve required and reported for the Company's title insurance subsidiaries was $698.7 million.

The insurance commissioners of their respective states of domicile regulate the Company's title insurance subsidiaries. Regulatory examinations usually occur at three-year intervals, and certain of these examinations are currently ongoing. The Auditor Division of the Controller of the State of California is currently conducting an examination of the funds due the State of California under various escheatment regulations for the years ended on and prior to December 31, 1998. The Company has received a preliminary copy of the report and is continuing discussions with the Auditor Division of the Controller of the State of California to quantify amounts due, if any. Management does not believe that the examinations performed by the insurance regulators or the Auditor Division of the Controller of the State of California will have a material impact on the Company's financial position, results of operations, or combined capital and surplus.

The Company's title insurance subsidiaries are subject to regulations that restrict their ability to pay dividends or make other distributions of cash or property to their immediate parent company without prior approval from the Department of Insurance of their respective states of domicile. During 2001, the Company's title insurance subsidiaries could pay dividends or make other distributions to the Company of $107.5 million.

The combined statutory capital and surplus of the Company's title insurance subsidiaries was $463.1 million, $163.5 million and $164.3 million as of December 31, 2000, 1999 and 1998, respectively. The combined statutory earnings of the Company's title insurance subsidiaries were $88.9 million, $43.6 million and $37.8 million for the years ended December 31, 2000, 1999 and 1998, respectively.

As a condition to continued authority to underwrite policies in the states in which the Company's title insurance subsidiaries conduct their business, they are required to pay certain fees and file information regarding their officers, directors and financial condition. In addition, the Company's escrow and trust business is subject to regulation by various state banking authorities.

Pursuant to statutory requirements of the various states in which the Company's title insurance subsidiaries are domiciled, they must maintain certain levels of minimum capital and surplus. Each of the Company's title underwriters has complied with the minimum statutory requirements as of December 31, 2000.

The Company's underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth of $7.5 million, $2.5 million and $3.0 million is required for Fidelity National Title Company, Fidelity National

Title Company of California and Chicago Title Company, respectively. The Company is in compliance with all of its respective minimum net worth requirements at December 31, 2000.

On March 17, 1999, the Company's Board of Directors approved an increase to the number of shares of outstanding Company common stock authorized for purchase under the Company's previously announced purchase program. The additional authorization permitted the Company to purchase up to 4.0 million shares. On September 13, 1999, the Company announced that its Board of Directors had approved a second increase of 2.0 million shares, bringing the total number of shares of outstanding Company common stock authorized for purchase to 6.0 million. As of December 31, 1999, the Company had purchased 5.4 million shares at an average purchase price of $15.19 per share totaling $81.9 million. Purchases may be made from time to time by the Company in the open market or in block purchases or in privately negotiated transactions depending on market conditions and other factors.

In January 2000 the Company purchased another 39,200 shares of its common stock at an average purchase price of $14.04 per share totaling $551. In March 2000, the Company retired all of its 12.1 million shares held as treasury stock totaling $136.8 million.

Subsequent to December 31, 2000, the Company issued 8,050,000 shares of its common stock at a public offering price of $33.50 per share. Proceeds from this offering, net of underwriting discounts and commissions and other related expenses, were $256.2 million. Net proceeds were primarily used to pay down existing indebtedness. See Note G.

L. EMPLOYEE BENEFIT PLANS

Stock Purchase Plan

In 1987, stockholders approved the adoption of an Employee Stock Purchase Plan ("ESPP"). Under the terms of the ESPP and subsequent amendments, eligible employees may voluntarily purchase, at current market prices, shares of the Company's common stock through payroll deductions. Pursuant to the ESPP, employees may contribute an amount between 5% and 15% of their base salary and certain commissions. The Company contributes varying amounts as specified in the ESPP. During the years ended December 31, 2000, 1999 and 1998, 593,997, 631,596 and 282,216 shares, respectively, were purchased and allocated to employees, based upon their contributions, at an average price of $18.16, $16.77 and $29.42 per share, respectively. The Company contributed $4.0 million or the equivalent of 219,326 shares for the year ended December 31, 2000; $3.3 million or the equivalent of 193,923 shares for the year ended December 31, 1999 and $2.0 million or the equivalent of 67,407 shares for the year ended December 31, 1998 in accordance with the employer's matching contribution.

401(k) Profit Savings Plan

The Company offers the Fidelity National Financial, Inc. 401(k) Profit Sharing Plan ("401(k) Plan"), a qualified voluntary contributory savings plan, available to substantially all Fidelity employees. Eligible employees may contribute up to 15% of their pretax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code. Beginning in April 2000, the Company began matching 50% of each dollar of employee contribution up to six percent of the employee's total compensation. The Company's cost for the 401(k) Plan for the year ended December 31, 2000 was $5.0 million.

In connection with the Chicago Title merger, the Company assumed Chicago Title's contributory defined contribution savings and profit sharing plan for eligible Chicago Title employees. Eligible employees may contribute up to 13% of their pretax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code. The Company will match employee contributions from a minimum of $0.25 up to a maximum of $1.50 for each dollar of employee contribution up to six percent of the employee's base salary, subject to the Company's return on equity for the year. The Company's cost for this plan was $8.2 million for the period from April 1, 2000 to December 31, 2000. Effective January 1, 2001, this plan was merged with and into the 401(k) Plan.

Stock Option Plans

The Company's 1987 Stock Option Plan ("1987 Option Plan") expired in December 1997. Options generally had a term of five to 11 years from date of grant, became exercisable at the discretion of the Board of Directors and were priced at not less than the fair market value on the date of grant. A total of 1,811,824 shares were available for grants of options under this plan.

In 1992, stockholders approved the adoption of the 1991 Stock Option Plan ("1991 Option Plan"). The number of shares reserved for issuance under the 1991 Option Plan and subsequent amendments is 4,148,776 shares of common stock, which may be newly issued or treasury shares. The per share option price is determined at the date of grant. The option price may be less than the fair market value of the common stock at the date of grant to reflect the application of the optionee's deferred bonus, if applicable. Options granted under the 1991 Option Plan shall be exercisable in such installments and for such periods as may be fixed at the time of grant, but in no event shall any stock options extend for a period in excess of 12 years from the date of grant. This plan allows for exercise prices with a fixed discount from the quoted market price.

In 1998, options were granted at an exercise price of $19.72 to key employees of the Company who applied deferred bonuses expensed in 1997 amounting to $1.8 million to the exercise price. The exercise price of these options decreases approximately $.32 per year through 2003 and $.20 per share from 2004 through 2009, at which time the exercise price will be $16.90. Options were granted in 1999 at an exercise price of $9.63 to key employees of the Company who applied deferred bonuses expensed in 1998 amounting to $4.9 million to the exercise price. The exercise price of these options decreases approximately $.35 per year through 2004 and $.22 per share from 2005 through 2010, at which time the exercise price will be $6.53. In 2000, options were granted at an exercise price of $6.75 to key employees of the Company who applied deferred bonuses expensed in 1999 amounting to $4.4 million to the exercise price. The exercise price of these options decreases approximately $.35 per year through 2005 and $.22 per share from 2006 through 2011, at which time the exercise price will be $3.65. Additionally, the Company recorded compensation expense relating to the price decrease of $473, $460 and $282, for the years ended December 31, 2000, 1999 and 1998, respectively.

In 1994, stockholders approved the adoption of the 1993 Stock Plan ("1993 Plan"). The number of shares of common stock reserved for issuance under the 1993 Plan is 1,098,075. The per share option price is determined at the date of grant, provided that the price for incentive stock options shall not be less than 100% of their market value or award stock shares. The 1993 Plan also contains an automatic grant of non-qualified stock options to non-employee directors at an exercise price equal to 100% of fair value at date of grant, and the right to exercise such options shall vest equally over three years. Stock options granted under the 1993 plan are exercisable subject to the terms and conditions set by the Board of Directors, however, options shall be exercisable no earlier than six months nor later than 10 years following the grant date.

In connection with the 1998 acquisition of FNF Capital (formerly known as "Granite"), which was accounted for as a pooling-of-interests, the Company assumed 685,714 options outstanding under Granite's existing stock option plan ("Granite Plan"). The Granite Plan provides that qualified stock options be granted at an exercise price equal to fair market value on the date of the grant, and must be at least 110% of fair market value when granted to a 10% or more stockholder. The term of all qualified stock options granted under the Granite Plan may not exceed 10 years, except the term of qualified stock options granted to a 10% or more stockholder, which may not exceed five years. The Granite Plan provides that non-qualified stock options be granted at an exercise price not less than 85% of the fair market value on the date of grant. The term of all non-qualified stock options granted under the Granite Plan may not exceed 10 years, except the term of non-qualified stock options granted to a 10% or more stockholder, which may not exceed five years.

During 1998, stockholders approved the adoption of the 1998 Stock Incentive Plan ("1998 Plan"). The 1998 Plan authorizes up to 3,320,000 shares of common stock, plus an additional 220,000 shares of common stock on the date of each annual meeting of the stockholders of the Company, for issuance under the terms of the 1998 Plan. The 1998 Plan provides for grants of "incentive stock options" as defined in Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options and rights to purchase shares of common stock ("Purchase Rights"). The term of options may not exceed 10 years from the date of grant (five years in the case of a person who owns or is deemed to own more than 10% of the total combined voting power of all classes of stock of the Company). The option exercise price for each share granted pursuant to an incentive stock option may not be less than 100% of the fair market value of a share of common stock at the time such option is granted (110% of fair market value in the case of an incentive stock option granted to a person who owns more than 10% of the combined voting power of all classes of stock of the Company). There is no minimum purchase price for shares of common stock purchased pursuant to a Purchase Right, and any such purchase price shall be determined by the Board of Directors.

In connection with the merger of Chicago Title, the Company assumed the options outstanding under Chicago Title's existing stock option plans: the 1998 Long-Term Incentive Plan and the Director's Stock Option Plan. Pursuant to the terms of the merger, options under these plans, totaling 3,175,299, became fully vested on March 20, 2000. The options granted in accordance with these two plans generally have a term of five to 10 years.

Transactions under all stock option plans, including stock options granted by the Company's Board of Directors which are outside of the Company's stock option plans, are as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE
Balance, December 31, 1997	4,057,946	$ 7.41	3,451,359
Granted	1,730,043	23.32	
Exercised	(1,290,640)	7.12	
Cancelled	(274,883)	26.08	
Balance, December 31, 1998	4,222,466	$12.85	3,149,520
Granted	1,764,302	13.05	
Exercised	(211,542)	9.08	
Cancelled	(239,156)	25.42	
Balance, December 31, 1999	5,536,070	$12.53	4,540,090
Options assumed in Chicago Title merger	3,175,299	12.43	
Granted	2,798,738	13.48	
Exercised	(3,588,868)	11.46	
Cancelled	(181,569)	16.61	
Balance, December 31, 2000	7,739,670	$13.29	5,732,672

The following table summarizes information related to stock options outstanding and exercisable as of December 31, 2000:

DECEMBER 31, 2000

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
$ 0.43 - 6.75..	1,056,975	7.76	$ 5.71	1,056,975	$ 5.71
6.83 - 7.71..	400,570	4.30	6.95	400,570	6.95
9.28 - 9.28..	713,303	9.22	9.28	713,303	9.28
9.48 - 10.42..	902,239	4.02	9.85	902,239	9.85
10.43 - 11.75..	1,048,877	8.13	11.29	390,377	10.52
11.84 - 15.94..	1,481,276	8.01	13.57	1,276,527	13.36
16.72 - 18.76..	343,280	8.95	18.51	282,281	18.58
20.13 - 20.13..	960,000	9.79	20.13	150,000	20.13
23.81 - 25.31..	712,900	7.28	24.48	462,900	24.43
25.97 - 34.77..	120,250	7.75	28.90	97,500	28.81
$ 0.43 - 34.77..	7,739,670	7.64	$13.29	5,732,672	$11.84

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("Opinion 25") and related Interpretations in accounting for its employee stock options. As discussed below, in management's opinion, the alternative fair value accounting provided for under Statement of Accounting Standards No. 123, "Accounting for Stock Based Compensation" ("SFAS 123") requires use of option valuation models that were not developed for use in valuing employee stock options. Under Opinion 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that do not have vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the value of an estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Pro forma information regarding net earnings and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions. The risk free interest rates used in the calculation is the rate on the date the options were granted. The risk free interest rate used for options granted during 2000, 1999 and 1998 were 5.1%, 6.5% and 5.7%, respectively. A volatility factor for the expected market price of the common stock of 50% was used for options granted in 2000, 1999 and 1998. The expected dividend yield used for 2000, 1999 and 1998 was 1.2%, 2.0% and 1.0%, respectively. A weighted average expected life of five years was used for 2000 and seven years was used in 1999 and 1998. The weighted average fair value of each option granted during 2000, 1999 and 1998 was $7.34, $8.68 and $14.15, respectively.

For purpose of pro forma disclosures, the estimated fair value of the options is amortized into expense over the options' vesting period. The Company's pro forma information follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Pro forma basic net earnings	$99,555	$62,641	$96,516
Pro forma diluted net earnings	$99,555	$62,904	$98,979
Pro forma earnings per share:			
Basic	$ 1.69	$ 2.10	$ 3.46
Diluted	$ 1.63	$ 2.01	$ 2.96

Pension Plans

In connection with the Chicago Title merger, the Company also assumed Chicago Title's noncontributory defined contribution plan and noncontributory defined benefit pension plan (the "Pension Plan").

Contributions to the noncontributory defined contribution plan are based upon salary and length of service with the Company. Contributions are invested in a group of mutual funds as directed by the employee. The Company's cost for this plan was $2.0 million for the period from April 1, 2000 to December 31, 2000. Effective January 1, 2001, this plan was terminated.

The Pension Plan covers certain Chicago Title employees. The benefits are based on years of service and the employee's average monthly compensation in the highest 60 consecutive calendar months during the 120 months ending at retirement or termination. The Company's funding policy is to contribute annually at least the minimum required contribution under the Employee Retirement Income Security Act (ERISA). Contributions are intended to provide not only for benefits accrued to date, but also for those expected to be earned in the future. The Company made no contribution for the period from April 1, 2000 to December 31,

2000. Effective January 1, 2001, the Pension Plan was frozen and future contributions of Pension Plan benefits will terminate.

The following table sets forth the funded status of the Pension Plan and amounts reflected in the Company's Consolidated Balance Sheet as of December 31, 2000:

	2000 (DOLLARS IN THOUSANDS)
Change in Benefit Obligation:	
Net benefit obligation as of April 1, 2000	$108,101
Service cost	3,095
Interest cost	6,449
Actuarial loss	483
Gross benefits paid	(19,217)
Net benefit obligation at end of year	$ 98,911
Change in Pension Plan Assets:	
Fair value of plan assets as of April 1, 2000	$106,171
Adjustment to assets at beginning of period	536
Actual return on plan assets	3,672
Gross benefits paid	(19,217)
Fair value of plan assets at end of year	$ 91,162
Funded status at end of year	$ (7,749)
Unrecognized net actuarial gain	(4,518)
Net pension liability included in accounts payable and accrued liabilities	$(12,267)

Under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," the measurement date shall be as of the date of the financial statements, or if used consistently from year to year, as of a date not more than three months prior to that date. The Company's measurement date is September 30.

The principal weighted average assumptions used in the actuarial calculations of projected benefit obligations and net periodic pension expense for 2000 are as follows: discount rate of 7.25%; expected return on Pension Plan assets of 9.0%; and rate of compensation increase of 4.5%.

The components of net periodic pension expense included in the results of operations for 2000 are as follows:

	2000
	(DOLLARS IN THOUSANDS)
Service cost	$ 3,095
Interest cost	6,449
Expected return on assets	(6,714)
Total net periodic benefit cost	$ 2,830

Postretirement Plans

The Company assumed certain health care and life insurance benefits for retired Chicago Title employees in connection with the Chicago Title merger. The costs of these benefit plans are accrued during the periods the employees render service.

The Company is self-insured for its postretirement health care and life insurance benefit plans, and the plans are not funded. The health care plans provide for insurance benefits after retirement and are generally contributory, with contributions adjusted annually. Postretirement life insurance benefits are noncontributory, with coverage amounts declining with increases in a retiree's age.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 5.5% in 2000, declining to 5.0% in 2002. The discount rate used was 7.75% in 2000. If the health care cost trend rate assumptions were increased 1.0%, the accumulated postretirement benefit obligation as of December 31, 2000 would increase by $3.3 million. The effect of this change on the sum of the service and interest cost would be an increase of $590. If the health care costs trend rate assumptions were decreased 1.0%, the accumulated post retirement benefit obligation as of December 31, 2000 would decrease by $2.8 million. The effect of this change on the sum of the service and interest cost would be a decrease of $480.

The accrued cost of the accumulated postretirement benefit obligation included in the consolidated balance sheet at December 31, 2000 is as follows:

	2000 (DOLLARS IN THOUSANDS)
Change in Benefit Obligation:	
Net benefit obligation as of April 1, 2000	$ 25,645
Service cost	490
Interest cost	1,531
Plan participants' contributions	1,537
Actuarial gain	(1,131)
Gross benefits paid	(3,069)
Net benefit obligation at end of year	$ 25,003
Change in Plan Assets:	
Fair value of plan assets as of April 1, 2000	$ --
Employer contributions	1,532
Plan participants' contributions	1,537
Gross benefits paid	(3,069)
Fair value of plan assets at end of year	$ --
Funded status at end of year	$(25,003)
Unrecognized net actuarial gain	(1,131)
Unrecognized prior service cost	(1,013)
Net accrued cost of accumulated postretirement benefit obligation included in accounts payable and accrued liabilities	$(27,147)

Under Statement of Financial Accounting Standards No. 106, "Accounting for Postretirement Benefits Other Than Pensions," the measurement date shall be as of the date of the financial statements, or if used

consistently from year to year, as of a date not more than three months prior to that date. The Company's measurement date is December 31.

The Company's postretirement health care and life insurance costs included in the results of operations from the period April 1, 2000 to December 31, 2000 are as follows:

	2000
	(DOLLARS IN THOUSANDS)
Service cost	$ 490
Interest cost	1,531
Total net periodic benefit cost	$2,021

M. SUPPLEMENTARY CASH FLOW INFORMATION

The following supplemental cash flow information is provided with respect to interest and tax payments, as well as certain non-cash investing and financing activities.

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash paid during the year:			
Interest	$57,776	$19,676	$ 8,153
Income taxes	$59,091	$62,128	$77,277
Non-cash investing and financing activities:			
Dividends declared and unpaid	$ 6,981	$ 2,712	$ 2,270
Acquisitions	$ --	$ --	$ 6,250
Conversion of LYONs	$ --	$70,286	$ 9,201
Acquisition by majority-owned subsidiary	$ --	$ 297	$ --
Conversion of majority-owned subsidiary debt	$ --	$ 2,900	$ --

N. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATION OF RISK

In the normal course of business the Company and certain of its subsidiaries enter into off-balance sheet credit risk associated with certain aspects of its title insurance business and other activities. This credit risk is in the form of guarantees and support agreements.

The Company generates a significant amount of title insurance premiums in California and Texas. In 2000, on an unaudited pro forma basis, assuming the Chicago Title merger had been consummated on January 1, 2000, the Company generated 21.4% and 15.5% of its total title premiums in California and Texas, respectively. In 1999 and 1998 California and Texas accounted for 30.8% and 19.1% and 33.1% and 19.6% of total title premiums, respectively.

FNF Capital's leases are originated through a network of approximately 50 independent lease originators located throughout the United States. No single lease originator accounted for more than 10% of the leases funded by the Company during the years ended December 31, 2000 and 1999. Transactions generated by the Company's ten largest independent lease originators accounted for approximately 36.0% and 24.0% of leases funded during the years ended December 31, 2000 and 1999, respectively.

FNF Capital approved contingent fundings of approximately $55.3 million and $60.0 million in leases at December 31, 2000 and 1999, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, leases, residual interests in securitizations, trade receivables and notes receivable.

The Company places its cash equivalents and short-term investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. Investments in commercial paper of industrial firms and financial institutions are rated investment grade by nationally recognized rating agencies.

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade receivables credit risk. The Company controls credit risk through monitoring procedures.

Concentrations of credit risk with respect to notes receivable are limited because a number of diverse entities make up the Company's notes receivable base, thus spreading the credit risk. The Company controls credit risk through credit approvals, credit limits and monitoring procedures. The Company performs in-depth credit evaluations for all notes and requires guarantees and/or collateral, if deemed necessary.

O. SEGMENT INFORMATION

During 2000, as a result of the merger with Chicago Title, the Company restructured its business segments to more accurately reflect a change in the Company's current operating structure. All previously reported segment information has been restated to be consistent with the current presentation.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The amounts reported for Chicago Title reflect only the period from March 20, 2000, the merger date, through December 31, 2000. Reportable segments are determined based on the organizational structure and types of products and services from which each reportable segment derives its revenue.

As of and for the year ended December 31, 2000 (dollars in thousands):

	TITLE INSURANCE	REAL ESTATE INFORMATION SERVICES	CORPORATE AND OTHER	TOTAL
Total revenue	$2,486,703	$168,161	$ 87,130	$2,741,994
Operating earnings (loss)	$ 248,468	$ 24,296	$(11,014)	$ 261,750
Interest and investment income, including realized gains and losses	81,423	1,443	4,325	87,191
Depreciation and amortization	77,978	2,878	14,571	95,427
Interest expense	4,990	24	54,360	59,374
Earnings (loss) before income taxes	246,923	22,837	(75,620)	194,140
Income tax expense (benefit)	109,160	10,096	(33,431)	85,825
Net earnings (loss)	$ 137,763	$ 12,741	$(42,189)	$ 108,315
Assets	$3,159,368	$172,858	$501,759	$3,833,985

As of and for the year ended December 31, 1999 (dollars in thousands):

	TITLE INSURANCE	REAL ESTATE INFORMATION SERVICES	CORPORATE AND OTHER	TOTAL
Total revenue	$1,169,078	$68,229	$118,547	$1,355,854
Operating earnings (loss)	$ 145,079	$ (115)	$(13,587)	$ 131,377
Interest and investment income, including realized gains and losses	23,056	385	8,604	32,045
Depreciation and amortization	19,595	153	10,220	29,968
Interest expense	2,429	21	13,176	15,626
Earnings (loss) before income taxes	146,111	96	(28,379)	117,828
Income tax expense (benefit)	58,251	38	(11,314)	46,975
Net earnings (loss)	$ 87,860	$ 58	$(17,065)	$ 70,853
Assets	$ 696,362	$54,039	$292,145	$1,042,546

As of and for the year ended December 31, 1998 (dollars in thousands):

	TITLE INSURANCE	REAL ESTATE INFORMATION SERVICES	CORPORATE AND OTHER	TOTAL
Total revenue	$1,161,709	$70,505	$ 61,166	$1,293,380
Operating earnings (loss)	$ 172,266	$ 9,814	$(13,051)	$ 169,029
Interest and investment income, including realized gains and losses	36,177	535	7,790	44,502
Depreciation and amortization	11,906	1,332	8,135	21,373
Interest expense	5,663	8	11,353	17,024
Earnings (loss) before income taxes	190,874	9,009	(24,749)	175,134
Income tax expense (benefit)	75,683	3,572	(9,813)	69,442
Net earnings (loss)	$ 115,191	$ 5,437	$(14,936)	$ 105,692
Assets	$ 693,222	$46,562	$229,686	$ 969,470

The activities of the reportable segments include the following:

Title Insurance

This segment, consisting of title insurance underwriters and wholly-owned title insurance agencies, provides core title insurance and escrow services, including document preparation, collection and trust activities. This segment coordinates its activities with those of the real estate related services segment described below in order to offer the full range of real estate products and services required to execute and close a real estate transaction.

Real Estate Related Services

This segment, consisting of various real estate related and ancillary service subsidiaries, offers the complementary specialized products and services required to execute and close a real estate transaction that are not offered by the title insurance segment described above. These services include document recording services on a nationwide basis, tax qualifying property exchange services, property appraisal services, tax monitoring services, home warranty insurance, credit reporting, real estate referral services, flood monitoring and foreclosure publishing and posting. These services require specialized expertise and have been centralized for efficiency and management purposes.

Corporate and Other

The corporate segment consists of the operations of the parent holding company, as well as the operations of Micro General Corporation, FNF Capital, Inc. and Express Network, Inc., which was sold in the second quarter of 2000, as well as the issuance and repayment of corporate debt obligations. The non-recurring charges of $13.4 million that were recorded during the first quarter of 2000 primarily relate to the corporate segment.

The accounting policies of the segments are the same as those described in Note A. Intersegment sales or transfers which occurred in the ordinary course of consolidated operations, have been eliminated from the segment information provided.

P. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, contracts and hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value.

SFAS 133 was amended by Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB No. 133" ("SFAS 137"). SFAS 137 defers the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS 133, as amended by SFAS 137 and Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Hedging Activities -- an amendment of SFAS 133." ("SFAS 138"), is effective for the Company's first quarter in the fiscal year ending December 31, 2001, and does not have a material effect on the Company's financial position or results of operations.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," ("SFAS 140"). SFAS 140 revises the accounting standards for securitizations and other transfers of financial assets and collateral and requires certain disclosures. SFAS 140 is effective for transfers and servicing of financial assets and extinguishment of liabilities occurring after March 31, 2001. Adoption of SFAS 140 will not have a material effect on the Company's financial statements.

Emerging Issues Task Force No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets", ("EITF 99-20") sets forth the rules for recognizing interest income on all credit-sensitive mortgage and asset-backed securities and certain prepayment-sensitive securities including agency Interest-only strips, whether purchased or retained in securitization, and determining when these securities must be written down to fair value because of impairment. EITF 99-20 is effective for all fiscal quarters beginning after March 15, 2001. Early adoption is permitted. The Company has decided not to early adopt EITF 99-20. Application of provisions of the EITF are to be adopted prospectively. Adoption of EITF 99-20 will require impairments to the valuation of residual interest in securitizations to be recorded as a reduction to the carrying value of the residual interests through a charge to earnings. The initial potential impact of adoption would be a charge to earnings of approximately $3.2 million in 2001.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10. THROUGH 13.

Within 120 days after the close of its fiscal year, the Company intends to file with the Securities and Exchange Commission a definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 as amended, which will include the election of directors, the report of compensation committee on annual compensation, certain relationships and related transactions and other business.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS. The following is a list of the Consolidated Financial Statements of Fidelity National Financial, Inc. and its subsidiaries included in Item 8 of Part II:

Independent Auditors' Report

Consolidated Balance Sheets as of December 31, 2000 and 1999

Consolidated Statements of Earnings for the years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Comprehensive Earnings for the years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

(a)(2) FINANCIAL STATEMENT SCHEDULES. The following is a list of financial statement schedules filed as part of this annual report on Form 10-K:

Schedule II: Fidelity National Financial, Inc. (Parent Company Financial Statements)

Schedule V: Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

(a)(3) The following exhibits are incorporated by reference or are set forth on pages to this Form 10-K:

EXHIBIT NUMBER	DESCRIPTION
3	Charter and Bylaws of the Issuer
3.1	Restated Certificate of Incorporation of Registrant, incorporated by reference from Form S-4, Registration No. 333-89163
3.2	Restated Bylaws of Registrant, incorporated by reference from Form S-4, Registration No. 333-89163
10.4	Fidelity National Financial, Inc. 1987 Stock Option Plan, incorporated by reference from Form S-1, Registration No. 33-11321
10.4.1	Amendments to Fidelity National Financial, Inc. 1987 Stock Option Plan approved by the stockholders of the Company on March 24, 1989, incorporated by reference from Form S-8, Registration No. 33-34300
10.5	Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan, incorporated by reference from Form S-1, Registration No. 33-11321
10.5.1	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan approved by the stockholders of the Company on March 24, 1989, incorporated by reference from Form S-8, Registration No. 33-15027
10.5.2	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan, incorporated by reference from Form S-8, Registration No. 33-45709
10.5.3	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan approved by the stockholders of the Company on June 15, 1993, incorporated by reference from Form S-8, Registration No. 33-64836
10.5.4	Amendments to Fidelity National Financial, Inc. 1987 Stock Purchase Plan approved by the stockholders of the Company on June 20, 1995, incorporated by reference from Form S-8, Registration No. 33-61983
10.6	Fidelity National Financial, Inc. 401(k) Profit Sharing Defined Contribution Plan and Trust adopted January 1, 1990, incorporated by reference from Form 10-K filed January 29, 1991
10.6.1	Amendments to Fidelity National Financial, Inc. 401(k) Profit Sharing Plan, incorporated by reference from Form S-8, Registration No. 33-56514
10.7	Fidelity National Financial, Inc. 1991 Stock Option Plan, approved by the stockholders of the Company on July 15, 1992, incorporated by reference from Form S-8, Registration No. 33-45272
10.7.1	Amendments to Fidelity National Financial, Inc. 1991 Stock Option Plan approved by the stockholders of the Company on June 15, 1993, incorporated by reference from Form S-8, Registration No. 33-64834
10.7.2	Amendment to Fidelity National Financial, Inc. 1991 Stock Plan, approved by the stockholders of the Company on June 14, 1994, incorporated by reference from Form S-8, Registration No. 33-83026
10.7.3	Amendment to Fidelity National Financial, Inc. 1991 Stock Option Plan and the 1998 Stock Option Plan, approved by the stockholders of the Company on June 17, 1998, incorporated by reference from Form S-8, Registration No. 333-61111
10.8	1996 Omnibus Stock Option Plan (Granite), incorporated by reference from Form S-8, Registration No. 333-48411
10.9	Two Stock Option Agreements and Amended Stock Award Agreement (Alamo), incorporated by reference from Form S-8, Registration No. 333-64229

EXHIBIT NUMBER	DESCRIPTION
10.35	Fidelity National Financial, Inc. 1993 Stock Plan, approved by stockholders of the Company on June 14, 1994, incorporated by reference from Form S-8, Registration No. 33-83026
10.57	Agreement of Plan of Reorganization, dated May 14, 1998, by and among ACS Systems, Inc., a California Corporation, ACS Merger, Inc., a Delaware Corporation, Micro General Corporation, a Delaware Corporation, and Fidelity National Financial, Inc., a Delaware Corporation, incorporated by reference from Form 10-K filed March 31, 1999
10.57.1	Agreement of Merger, dated May 14, 1998, by and among ACS Systems, Inc., a California Corporation, ACS Merger, Inc., a Delaware Corporation, Micro General Corporation, a Delaware Corporation, and Fidelity National Financial, Inc., a Delaware Corporation, incorporated by reference from Form 10-K filed March 31, 1999
10.60	Agreement and Plan of Merger, dated as of August 1, 1999, by and between Fidelity National Financial, Inc. and Chicago Title Corporation and amended as of October 13, 1999, incorporated by reference from Form S-4, Registration No. 333-89163
10.61	Credit Agreement, dated as of February 10, 2000, among Fidelity National Financial, Inc., as borrower, Bank of America, N.A., Chase Securities Inc., Morgan Stanley Senior Funding, Inc., and various Financial Institutions, as Lenders, incorporated by reference from Form 8-K, dated February 9, 2000 and filed February 15, 2000
10.62	Granite Financial, Inc. Omnibus Stock Plan of 1996, Amended and Restated as of April 24, 1997 and June 14, 1997, incorporated by reference from Form S-8, Registration No. 333-48111
10.63	Fidelity National Financial, Inc., 1998 Stock Incentive Plan, approved by the stockholders of the Company on June 17, 1998, incorporated by reference from Form S-8, Registration No. 333-61111
10.64	Chicago Title Corporation 1998 Long-Term Incentive Plan and Chicago Title Corporation Directors Stock Option Plan, incorporated by reference from Form S-8, Registration No. 333-32806
10.65	Amendment to Fidelity National Financial, Inc. 1991 Stock Option Plan, approved by the stockholders of the Company on June 12, 2000, incorporated by reference from Form S-8, Registration No. 333-52744
10.66	Amendment to Fidelity National Financial, Inc. 1998 Stock Incentive Plan, approved by the stockholders of the Company on June 12, 2000, incorporated by reference from Form S-8, Registration No. 333-52744
10.67	Underwriting Agreement, dated January 24, 2001, by and among Fidelity National Financial, Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bear Stearns & Co., Inc., Lehman Brothers Inc. and U.S. Bancorp Piper Jaffray Inc., as representatives of the underwriters named therein
21	List of Subsidiaries
23	Independent Auditors' Consent

(b) REPORTS ON FORM 8-K. The Company filed reports on Form 8-K during the quarter ending December 31, 2000 as follows:

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIDELITY NATIONAL FINANCIAL, INC.

By: /s/ WILLIAM P. FOLEY, II

William P. Foley, II
Chief Executive Officer

Date: March 27, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ WILLIAM P. FOLEY, II William P. Foley, II	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 27, 2001
/s/ FRANK P. WILLEY Frank P. Willey	Vice Chairman and Director	March 27, 2001
/s/ ALAN L. STINSON Alan L. Stinson	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2001
/s/ JOHN J. BURNS, JR. John J. Burns, Jr.	Director	March 27, 2001
/s/ JOHN F. FARRELL, JR. John F. Farrell, Jr.	Director	March 27, 2001
/s/ PHILLIP G. HEASLEY Phillip G. Heasley	Director	March 27, 2001
/s/ WILLIAM A. IMPARATO William A. Imparato	Director	March 27, 2001
/s/ DONALD M. KOLL Donald M. Koll	Director	March 27, 2001
/s/ DANIEL D. (RON) LANE Daniel D. (Ron) Lane	Director	March 27, 2001
/s/ GENERAL WILLIAM LYON General William Lyon	Director	March 27, 2001
/s/ J. THOMAS TALBOT J. Thomas Talbot	Director	March 27, 2001
/s/ CARY H. THOMPSON Cary H. Thompson	Director	March 27, 2001
/s/ RICHARD P. TOFT Richard P. Toft	Director	March 27, 2001

INDEPENDENT AUDITORS' REPORT

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

Under date of February 14, 2001, we reported on the accompanying Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Stockholders' Equity and Cash flows for each of the years in the three-year period ended December 31, 2000 which are included in the Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated Financial Statements, we also audited the related financial statement schedules in the Annual Report on Form 10-K. These Financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such schedules, when considered in relation to the basic Consolidated Financial Statements taken as a whole, present fairly, in all material respects, the information set forth therein.

KPMG LLP

Los Angeles, California
February 14, 2001

SCHEDULE II

FIDELITY NATIONAL FINANCIAL, INC.
(PARENT COMPANY)

BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

ASSETS

	DECEMBER 31, 2000	DECEMBER 31, 1999
Cash	$ 21,717	$ 1,972
Investment securities available for sale, at fair value	84,734	42,405
Leases receivable, net	9,414	11,953
Notes receivable, net	8,248	9,126
Investment in subsidiaries	1,706,294	549,881
Property and equipment, net	6,500	--
Investments in real estate and partnerships, net	696	696
Prepaid expenses and other assets	14,997	7,319
Income taxes receivable	22,343	--
Deferred tax asset	118,979	31,579
	$1,993,922	$ 654,931
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	$ 40,130	$ 24,762
Notes payable	662,000	124,500
Accounts payable to subsidiaries	185,055	70,000
Income taxes payable	--	3,175
	887,185	222,437
Stockholders' Equity:		
Preferred stock, $.0001 par value; authorized 3,000,000 shares; issued and outstanding none	--	--
Common stock, $.0001 par value; authorized, 100,000,000 shares as of December 31, 2000 and 50,000,000 shares as of December 31, 1999; issued 69,499,409 as of December 31, 2000 and 39,224,169 as of December 31, 1999	7	4
Additional paid-in capital	695,141	246,959
Retained earnings	409,216	327,785
	1,104,364	574,748
Accumulated other comprehensive earnings (loss)	2,373	(5,975)
Less treasury stock, cancelled in 2000 and 12,036,102 shares as of December 31, 1999, at cost	--	(136,279)
	1,106,737	432,494
	$1,993,922	$ 654,931

See Notes to Financial Statements.

SCHEDULE II (CONTINUED)

FIDELITY NATIONAL FINANCIAL, INC.
(PARENT COMPANY)

STATEMENTS OF EARNINGS AND RETAINED EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
REVENUE:			
Other fees and revenue	$ 250	$ (427)	$ 2
Interest and investment income	2,916	7,937	10,876
	3,166	7,510	10,878
EXPENSES:			
Other operating expenses	10,171	1,190	7,866
Interest expense	47,122	7,282	7,556
	57,293	8,472	15,422
Loss before income tax benefit and equity in earnings of subsidiaries	(54,127)	(962)	(4,544)
Income tax benefit	(23,928)	(384)	(1,802)
Loss before equity in earnings of subsidiaries	(30,199)	(578)	(2,742)
Equity in earnings of subsidiaries	138,514	71,431	108,434
Net earnings	$108,315	$ 70,853	$105,692
Basic net earnings per share	$ 1.84	$ 2.38	$ 3.79
Weighted average shares outstanding, basic basis	58,821	29,811	27,921
Diluted net earnings per share	$ 1.78	$ 2.27	$ 3.23
Weighted average shares outstanding, diluted basis	60,937	31,336	33,474
Retained earnings, beginning of year	$327,785	$265,567	$167,222
Dividends declared	(26,884)	(8,635)	(7,347)
Net earnings	108,315	70,853	105,692
Retained earnings, end of year	$409,216	$327,785	$265,567

See Notes to Financial Statements.

SCHEDULE II (CONTINUED)

FIDELITY NATIONAL FINANCIAL, INC.
(PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 108,315	$ 70,853	$ 105,692
Adjustments to reconcile net earnings to net cash used in operating activities:			
Amortization of LYONs original issue discount and other debt issuance costs	1,404	602	4,432
Provision for losses on notes receivable	412	190	240
Equity in earnings of subsidiaries	(138,514)	(71,431)	(108,434)
Gain on sales of investments	(2,096)	(3,248)	(8,381)
Tax benefit associated with the exercise of stock options	17,000	--	11,763
Net decrease in income taxes	(12,081)	(16,303)	(21,280)
Loss on sales of real estate	--	156	--
Net increase in prepaid expenses and other assets	(9,082)	(3,879)	(1,245)
Net increase in accounts payable and accrued liabilities	9,203	3,974	6,769
Net cash used in operating activities	(25,439)	(19,086)	(10,444)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of investments	12,897	1,950	6,645
Purchases of investments	(5,767)	(4,024)	(8,825)
Net purchases from short-term investing activities	(50,280)	5,105	(13,105)
Proceeds from sales of real estate	--	433	--
Collections of notes receivable	2,977	1,405	490
Additions to notes receivable	(2,511)	(8,801)	--
Additions to investment in subsidiaries	(694,851)	(516)	(5,050)
Lease sales	--	13,606	--
Net cash provided by (used in) investing activities	(737,535)	9,158	(19,845)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings	715,000	105,216	46,236
Principal payments	(177,500)	(27,018)	(20,250)
Dividends paid	(22,615)	(8,192)	(6,340)
Purchases of treasury stock	(551)	(81,904)	--
Exercise of stock options	46,521	2,488	11,105
Net borrowings and dividends from subsidiaries	221,864	18,559	2,289
Net cash provided by financing activities	782,719	9,149	33,040
Net increase (decrease) in cash and cash equivalents	19,745	(779)	2,751
Cash and cash equivalents at beginning of year	1,972	2,751	--
Cash and cash equivalents at end of year	$ 21,717	$ 1,972	$ 2,751

See Notes to Financial Statements.

SCHEDULE II (CONTINUED)

FIDELITY NATIONAL FINANCIAL, INC.
(PARENT COMPANY)

NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999 AND FOR THE YEARS ENDED
DECEMBER 31, 2000, 1999 AND 1998

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fidelity National Financial, Inc. (the "Company") transacts substantially all of its business through its subsidiaries. The Parent Company Financial Statements should be read in connection with the aforementioned Consolidated Financial Statements and Notes thereto included elsewhere herein.

B. NOTES PAYABLE

Notes payable consist of the following:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS)	
Syndicated credit agreement, unsecured, interest due quarterly at LIBOR plus 1.125% (7.765% at December 31, 2000), unused portion of $100,500 at December 31, 2000....	$662,000	$ --
Bank revolving credit facility, secured by common stock of certain subsidiaries, interest due monthly at LIBOR plus 1.15%, unused portion of $25,500 at December 31, 1999, due July 2001, repaid and terminated March 2000...............	--	124,500
	$662,000	$124,500

In the normal course of business the Company enters into off-balance sheet credit risk. This credit risk is in the form of guarantees and support agreements. As of December 31, 2000, subsidiary debt in the amount of $65.2 million was guaranteed by the Company.

C. SUPPLEMENTAL CASH FLOW INFORMATION

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash paid during the year:			
Interest...	$45,833	$ 8,865	$ 1,691
Income taxes.......................................	$59,091	$62,128	$77,277
Non-cash investing and financing activities:			
Dividends declared and unpaid......................	$ 6,981	$ 2,712	$ 2,270
Acquisitions.......................................	$ --	$ --	$ 6,250
Conversion of LYONs................................	$ --	$70,286	$ 9,201

D. CASH DIVIDENDS RECEIVED

The Company has received cash dividends from subsidiaries and affiliates of $167.3 million, $20.5 million and $14.2 million in 2000, 1999 and 1998, respectively.

SCHEDULE V

FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		ADDITIONS			
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGE TO COSTS AND EXPENSES	OTHER (DESCRIBED)	DEDUCTION (DESCRIBED)	BALANCE AT END OF PERIOD
Year ended December 31, 2000:					
Reserve for claim losses............	$239,962	$97,322	$669,837(1)	$ 99,639(3)	$907,482
Allowance on:					
Leases and residual interests in securitizations.................	13,961	4,553	(1,505)(2)	11,010(4)	5,999
Trade receivables.................	5,397	4,541	10,303(1)	581(4)	19,660
Notes receivable..................	1,754	796	494(1)	171(4)	2,873
Real estate allowance................	1,202	--	518(1)	799(5)	921
Amortization of cost in excess of net assets acquired and other intangible assets.................	24,810	48,555	--	--	73,365
Year ended December 31, 1999:					
Reserve for claim losses............	$224,534	$52,713	$ (4,310)(2)	$ 32,975(3)	$239,962
Allowance on:					
Leases and residual interests in securitizations.................	10,482	20,628	--	17,149(4)	13,961
Trade receivables.................	6,733	581	--	1,917(4)	5,397
Notes receivable..................	2,064	--	--	310(4)	1,754
Real estate allowance................	1,752	155	(275)(2)	430(5)	1,202
Amortization of cost in excess of net assets acquired and other intangible assets.................	16,722	8,088	--	--	24,810
Year ended December 31, 1998:					
Reserve for claim losses............	$201,674	$59,294	$ --	$ 36,434(3)	$224,534
Allowance on:					
Leases and residual interests in securitizations.............	2,640	18,813	--	10,971(4)	10,482
Trade receivables..............	5,153	3,287	--	1,707(4)	6,733
Notes receivable................	1,758	344	--	38(4)	2,064
Real estate allowance................	1,514	238	--	--	1,752
Amortization of cost in excess of net assets acquired and other intangible assets.................	13,028	3,694	--	--	16,722

(1) Represents balance assumed in connection with the Chicago Title merger on March 20, 2000.

(2) Represents net reserve for claim losses and other allowances assumed and relieved from sales and acquisitions during the year.

(3) Represents payments of claim losses, net of recoupments.

(4) Represents uncollectible accounts written-off, change in reserve due to reevaluation of specific items and change in reserve due to sale of certain assets.

(5) Represents reduction in the reserve balance due to the sale of real estate property.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3	Charter and Bylaws of the Issuer
3.1	Restated Certificate of Incorporation of Registrant, incorporated by reference from Form S-4, Registration No. 333-89163
3.2	Restated Bylaws of Registrant, incorporated by reference from Form S-4, Registration No. 333-89163
10.4	Fidelity National Financial, Inc. 1987 Stock Option Plan, incorporated by reference from Form S-1, Registration No. 33-11321
10.4.1	Amendments to Fidelity National Financial, Inc. 1987 Stock Option Plan approved by the stockholders of the Company on March 24, 1989, incorporated by reference from Form S-8, Registration No. 33-34300
10.5	Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan, incorporated by reference from Form S-1, Registration No. 33-11321
10.5.1	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan approved by the stockholders of the Company on March 24, 1989, incorporated by reference from Form S-8, Registration No. 33-15027
10.5.2	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan, incorporated by reference from Form S-8, Registration No. 33-45709
10.5.3	Amendments to Fidelity National Financial, Inc. 1987 Employee Stock Purchase Plan approved by the stockholders of the Company on June 15, 1993, incorporated by reference from Form S-8, Registration No. 33-64836
10.5.4	Amendments to Fidelity National Financial, Inc. 1987 Stock Purchase Plan approved by the stockholders of the Company on June 20, 1995, incorporated by reference from Form S-8, Registration No. 33-61983
10.6	Fidelity National Financial, Inc. 401(k) Profit Sharing Defined Contribution Plan and Trust adopted January 1, 1990, incorporated by reference from Form 10-K filed January 29, 1991
10.6.1	Amendments to Fidelity National Financial, Inc. 401(k) Profit Sharing Plan, incorporated by reference from Form S-8, Registration No. 33-56514
10.7	Fidelity National Financial, Inc. 1991 Stock Option Plan, approved by the stockholders of the Company on July 15, 1992, incorporated by reference from Form S-8, Registration No. 33-45272
10.7.1	Amendments to Fidelity National Financial, Inc. 1991 Stock Option Plan approved by the stockholders of the Company on June 15, 1993, incorporated by reference from Form S-8, Registration No. 33-64834
10.7.2	Amendment to Fidelity National Financial, Inc. 1991 Stock Plan, approved by the stockholders of the Company on June 14, 1994, incorporated by reference from Form S-8, Registration No. 33-83026
10.7.3	Amendment to Fidelity National Financial, Inc. 1991 Stock Option Plan and the 1998 Stock Option Plan, approved by the stockholders of the Company on June 17, 1998, incorporated by reference from Form S-8, Registration No. 333-61111
10.8	1996 Omnibus Stock Option Plan (Granite), incorporated by reference from Form S-8, Registration No. 333-48411
10.9	Two Stock Option Agreements and Amended Stock Award Agreement (Alamo), incorporated by reference from Form S-8, Registration No. 333-64229
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10.43	Stock Purchase Agreement dated as of August 18, 1995 by and among William D. Rothenberg, Marshall D. Wexler, Southern California Title Company and Fidelity National Financial, Inc., incorporated by reference from Form 10-K filed March 25, 1996
10.44	Acquisition Agreement dated September 13, 1995 by and among Fidelity National Financial, Inc. and Nations Holding Group, Inc. and its wholly-owned subsidiary Nations Title Inc. to acquire all of the issued and outstanding shares of Nations Title Inc., incorporated by reference from Form 10-K filed March 25, 1996
10.45	Agreement for Purchase and Sale of Stock dated November 4, 1996 by and between Fidelity National Financial, Inc. and the Stockholders of CRM, Inc., incorporated by reference from Form 10-K filed March 31, 1997
10.57	Agreement of Plan of Reorganization, dated May 14, 1998, by and among ACS Systems, Inc., a California Corporation, ACS Merger, Inc., a Delaware Corporation, Micro General Corporation, a Delaware Corporation, and Fidelity National Financial, Inc., a Delaware Corporation, incorporated by reference from Form 10-K filed March 31, 1999
10.57.1	Agreement of Merger, dated May 14, 1998, by and among ACS Systems, Inc., a California Corporation, ACS Merger, Inc., a Delaware Corporation, Micro General Corporation, a Delaware Corporation, and Fidelity National Financial, Inc., a Delaware Corporation, incorporated by reference from Form 10-K filed March 31, 1999
10.60	Agreement and Plan of Merger, dated as of August 1, 1999, by and between Fidelity National Financial, Inc. and Chicago Title Corporation and amended as of October 13, 1999, incorporated by reference from Form S-4, Registration No. 333-89163
10.61	Credit Agreement, dated as of February 10, 2000, among Fidelity National Financial, Inc., as borrower, Bank of America, N.A., Chase Securities Inc., Morgan Stanley Senior Funding, Inc., and various Financial Institutions, as Lenders, incorporated by reference from Form 8-K, dated February 9, 2000 and filed February 15, 2000
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21	List of Subsidiaries
23	Independent Auditors' Consent

EXHIBIT 10.67

FIDELITY NATIONAL FINANCIAL, INC.

(a Delaware corporation)

7,000,000 shares
Common Stock, par value $.0001 per share

Dated January 24, 2001

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FIDELITY NATIONAL FINANCIAL, INC.
(a Delaware corporation)

Common Stock

UNDERWRITING AGREEMENT
January 24, 2001

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
BEAR, STEARNS & CO. INC.,
LEHMAN BROTHERS INC.
U.S. BANCORP PIPER JAFFRAY INC.
as Representatives of the Underwriters named in Schedule A hereto
c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

Fidelity National Financial, Inc., a Delaware corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, Bear, Stearns & Co. Inc., Lehman Brothers Inc. and U.S. Bancorp Piper Jaffray Inc. are acting as representatives (in such capacity, the "Representatives"), with respect to the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $.0001 per share, of the Company ("Common Stock") set forth in said Schedule A, and with respect to the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 1,050,000 additional shares of Common Stock to cover over-allotments, if any. The aforesaid 7,000,000 shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 1,050,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-65837) and pre-effective amendments nos. 1-5 thereto covering the registration of the Securities and other securities as set forth therein under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"). Such registration statement has been declared effective by the Commission. Such registration statement, as so amended, including the exhibits thereto, schedules thereto, if any, and the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) of the 1933 Act Regulations (the "Rule 430A Information") or Rule 434(d) of the 1933 Act Regulations (the "Rule 434 Information"), is referred to herein as the "Registration Statement"; and the final prospectus and the final prospectus supplement relating to the offering of the Securities, in the forms first furnished to the Underwriters by the Company for use in connection with the offering of the Securities, are collectively referred to herein as the "Prospectus"; provided, however, that all references to the "Registration Statement" and the "Prospectus" shall also be deemed to include all documents incorporated therein by reference pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), prior to the date hereof; provided, further, that if the Company files a registration statement with the Commission pursuant to Rule 462(b) of the 1933 Act Regulations (the "Rule 462(b) Registration Statement"), then all references to "Registration Statement" shall also be deemed to include the Rule 462(b) Registration Statement; and provided, further, that if the Company elects to rely upon Rule 434 of the 1933 Act Regulations, then all references to "Prospectus" shall also be deemed to include the final or preliminary prospectus and the applicable term sheet or abbreviated term sheet (the "Term Sheet"), as the case may be, in the forms first furnished to the Underwriters by the Company in reliance upon Rule 434 of the 1933 Act Regulations, and all references to the date of the Prospectus shall mean the date of the Term Sheet. A "preliminary prospectus" shall be deemed to refer to
(i) any prospectus used before the Registration Statement became effective and
(ii) any prospectus that omitted, as applicable, the Rule 430A Information, the Rule 434 Information or other information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations and was used after such effectiveness and prior to the initial delivery of the Prospectus to the Underwriters by the Company. For purposes of this Underwriting Agreement, all references to the Registration Statement, Prospectus, Term Sheet or preliminary prospectus or to any amendment or supplement to any of the foregoing shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Underwriting Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration Statement, Prospectus or preliminary prospectus shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be; and all references in this Underwriting Agreement to amendments or supplements to the Registration Statement, Prospectus or preliminary prospectus shall be deemed to include the filing of any document under the 1934 Act which is incorporated by reference in the Registration Statement, Prospectus or preliminary prospectus, as the case may be, after the execution of this Underwriting Agreement.

SECTION 1. Representations and Warranties.

(a) Representations and Warranties by the Company. The Company represents and warrants to each Underwriter, as of the date hereof, as of the Closing Time (as defined below) and, if applicable, as of each Date of Delivery (as defined below) (in each case, a "Representation Date"), as follows:

(1) Compliance with Registration Requirements. The Company meets the requirements for use of Form S-3 under the 1933 Act. The Registration Statement (including any Rule 462(b) Registration Statement) has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement (or such Rule 462(b) Registration Statement) has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement (including any Rule 462(b) Registration Statement) and any post-effective amendments thereto (including the filing of the Company's most recent Annual Report on Form 10-K with the Commission) became effective and at each Representation Date, the Registration Statement (including any Rule 462(b) Registration Statement) and any amendments thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the date of the Prospectus, at the Closing Time and at each Date of Delivery, if any, neither the Prospectus nor any amendments and supplements thereto included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Company elects to rely upon Rule 434 of the 1933 Act Regulations, the Company will comply with the requirements of Rule 434. Notwithstanding the foregoing, the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Merrill Lynch expressly for use in the Registration Statement or the Prospectus.

Each preliminary prospectus and prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with the offering of Securities will, at the time of such delivery, be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(2) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, when they

became effective or at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations") and, when read together with the other information in the Prospectus, at the date of the Prospectus, at the Closing Time and at each Date of Delivery, if any, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(3) Independent Accountants. The accountants who certified the financial statements and any supporting schedules thereto included in the Registration Statement and the Prospectus are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(4) Financial Statements. The financial statements of the Company included in the Registration Statement and the Prospectus, together with the related schedules and notes, as well as those financial statements, schedules and notes of any other entity included therein, present fairly the financial position of the Company and its consolidated subsidiaries, or such other entity, as the case may be, at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries, or such other entity, as the case may be, for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement and the Prospectus present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement and the Prospectus. In addition, any pro forma financial statements of the Company and its subsidiaries and the related notes thereto included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(5) Statutory Financial Statements. The statutory financial statements of the Company's subsidiaries that are insurance companies (the "Insurance Subsidiaries") (A) have for each relevant period been prepared in conformity with statutory accounting practices required or permitted by the National Association of Insurance Commissioners and by the insurance laws of their respective states of domicile, and the rules and regulations promulgated thereunder, and such statutory accounting practices have been applied on a consistent basis throughout the periods involved, except as may otherwise be indicated therein or in the notes thereto; and (B) present fairly the statutory financial position of the Insurance Subsidiaries as at the dates thereof, and the statutory basis results of operations of the Insurance Subsidiaries for the periods covered thereby.

(6) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there has not been any material adverse change or any development involving a prospective material adverse change in the capital stock or in the long-term debt of the Company or any of its subsidiaries, (C) neither the Company nor any of its subsidiaries has incurred any liability or obligation, direct or contingent, which is material to the Company and its subsidiaries considered as one enterprise, (D) there have been no transactions entered into by the Company or any of its subsidiaries, other than those arising in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise and (E) except for regular dividends on the Company's common stock or preferred stock, in amounts per share that are consistent with past practice or the applicable charter document or supplement thereto, respectively, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(7) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under, or as contemplated under, this Underwriting Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect.

(8) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X promulgated under the 1933 Act) and (if not already included in such definition) Fidelity National Title Insurance Company, Fidelity National Title Insurance Company of New York, Chicago Title and Trust Company, Chicago Title Insurance Company, Ticor Title Insurance Company, Security Union Title Insurance Company and Alamo Title Insurance (each, a "Subsidiary" and, collectively, the "Subsidiaries"), if any, has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or be in good standing would not result in a Material Adverse Effect. Except as otherwise stated in the Registration Statement and the Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and is validly issued, fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear

of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock of any Subsidiary was issued in violation of preemptive or other similar rights of any securityholder of such Subsidiary.

(9) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the column entitled "Actual" under the "Capitalization" section of the Prospectus (except for subsequent issuances thereof, if any, contemplated under this Underwriting Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). Such shares of capital stock have been duly authorized and validly issued by the Company and are fully paid and non-assessable, and none of such shares of capital stock was issued in violation of preemptive or other similar rights of any securityholder of the Company.

(10) Authorization of this Underwriting Agreement. This Underwriting Agreement has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding agreement of the Company, enforceable in accordance with its terms except (i) as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium of other similar laws now or hereafter in effect relating to creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) and (ii) as any rights to indemnification and contribution provided pursuant to this Underwriting Agreement may be limited by public policy.

(11) Description of the Securities. The Securities as of each Representation Date, will conform in all material respects to the statements relating thereto contained in the Prospectus.

(12) Absence of Defaults and Conflicts. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the assets, properties or operations of the Company or any of its subsidiaries is subject (collectively, "Agreements and Instruments"), except for such defaults that would not result in a Material Adverse Effect. The execution, delivery and performance of this Underwriting Agreement and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Registration Statement and the Prospectus and the consummation of the transactions contemplated herein and in the Registration Statement and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described under the caption "Use of Proceeds" therein) and compliance by the Company with its obligations hereunder and thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, (i) conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or (ii) result in the creation or imposition

of any lien, charge or encumbrance upon any assets, properties or operations of the Company or any of its subsidiaries pursuant to, any Agreements and Instruments; nor will such action result in any violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their assets, properties or operations, except for such violations that would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its Subsidiaries. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries; provided, however, that "Repayment Event" shall not include the obligation of the Company pursuant to Section 3.3 of the Credit Agreement dated as of February 10, 2000 (the "Credit Agreement") between the Company, the Lenders named therein, Bank of America, N.A., Chase Securities, Inc., Morgan Stanley Senior Funding, Inc., and Paribas, to apply proceeds from the sale of the Securities to repayment of loans under the Credit Agreement.

(13) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(14) Accounting Controls. The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(15) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or to the knowledge of the Company threatened, against or affecting the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement and the Prospectus (other than as stated therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the assets, properties or operations thereof or the consummation of the transactions contemplated under the Prospectus, this Underwriting Agreement or the performance by the Company of its obligations hereunder and thereunder. The aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective assets, properties or operations is the subject which are not described in

the Registration Statement and the Prospectus, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(16) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto which have not been so described and filed as required.

(17) Taxes. All material tax returns required to be filed by the Company and each of its subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of its subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(18) Agreements Required to be Disclosed. No relationship, direct or indirect, or agreement, arrangement or understanding (including, without limitation, any voting agreement), exists between or among the Company or any of its subsidiaries and any other party, which is required by the Act to be described or incorporated by reference in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement which is not described, filed or incorporated by reference as required.

(19) Reinsurance Treaties, Contracts and Agreements. Except as disclosed in the Prospectus, all reinsurance treaties, reinsurance contracts and reinsurance agreements to which the Company or any of its subsidiaries is a party are in full force and effect and none of the Company or any of its subsidiaries is in violation of, or in default in the performance, observance or fulfillment of, any obligation, agreement, covenant or condition contained therein, except where the failure to be in full force and effect and except where any such violation or default would not, singly or in the aggregate, have a Material Adverse Effect; none of the Company or any of its subsidiaries has received any notice from any of the other parties to such treaties, contracts or agreements which are material to its business that such other party intends not to perform in any material respect such treaty, contract or agreement, and the Company and its subsidiaries have no reason to believe that any of the parties to such treaties, contracts or agreements will be unable to perform such treaty, contract, agreement or arrangement, except where such non-performance would not, singly or in the aggregate, have a Material Adverse Effect.

(20) Insurance Reserving Practices. Except as disclosed in the Prospectus, none of the Company or any of its subsidiaries have made any material changes in their insurance reserving practices during the last two years.

(21) Ratings. No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act has indicated to the Company that it is considering the downgrading, suspension or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating assigned to the Company, or any securities of the Company.

(22) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the due authorization, execution and delivery by the Company of this Underwriting Agreement or for the performance by the Company of the transactions contemplated under the Prospectus or this Underwriting Agreement, except such as have been already made, obtained or rendered, as applicable.

(23) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(24) Licenses and Permits. Each of the Company and its subsidiaries (A) holds such permits, licenses, consents, exemptions, franchises, authorizations and other approvals from insurance departments and other governmental or regulatory authorities (each, an "Authorization") (including, without limitation, insurance licenses from the insurance regulatory agencies of the various states or other jurisdictions where it conducts business (the "Insurance Licenses")), and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorizations or Insurance Licenses or to make any such filing or notice would not, singly or in the aggregate, have a Material Adverse Effect, and (B) to the knowledge of the Company, has fulfilled and performed all material obligations necessary to maintain such Authorizations and Insurance Licenses. Each such Authorization and Insurance License is valid and in full force and effect and each of the Company and its subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto, except where the failure so to comply or where the invalidity of such Insurance Licenses or the failure of such Insurance Licenses to be in

full force and effect would not, singly or in the aggregate, have a Material Adverse Effect; and no event has occurred (including, without limitation, the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or Insurance License or results or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization or Insurance License, except where the revocation, suspension, termination or impairment would not, singly or in the aggregate, have a Material Adverse Effect; such Authorizations and Insurance Licenses contain no restrictions that are burdensome to the Company or any of its subsidiaries, except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction would not, singly or in the aggregate, have a Material Adverse Effect; and no insurance regulatory agency or body has issued any order or decree impairing, restricting or prohibiting the payment of dividends by any of the subsidiaries to its parent.

(25) Title to Property. The Company and its subsidiaries have good and marketable title in fee simple to all real property owned by the Company and its subsidiaries and good and marketable title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, defects, restrictions or encumbrances of any kind, except (A) as otherwise stated in the Registration Statement and the Prospectus or (B) those which do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries considered as one enterprise. All of the leases and subleases material to the business of the Company and its subsidiaries considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any of its subsidiaries has received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary of the continued possession of the leased or subleased premises under any such lease or sublease.

(26) Investment Company Act. The Company is not, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

(27) Environmental Laws. Except as otherwise stated in the Registration Statement and the Prospectus and except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without

limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) neither the Company nor any of its subsidiaries fails to possess any permit, authorization or approval required under any applicable Environmental Laws or to be in compliance with their requirements, (C) there are no pending or, to the Company's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances (including costs and potential liabilities to third parties) that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(b) Officers' Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each Representation Date subsequent thereto.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule B, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of
Section 10 hereof.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to the number of Option Securities set forth therein at a price per Option Security equal to the price per Initial Security, less an amount equal to any dividends or distributions declared by the Company and paid or payable on the Initial Securities but not payable on the Option Securities. Such option, will expire 30 days after the date hereof, and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by Merrill Lynch to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time, date and place of payment and delivery for such Option Securities. Any such time and date of payment and delivery (each, a "Date of Delivery") shall be determined by Merrill Lynch, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, unless otherwise agreed upon by Merrill Lynch and the Company. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities each such Underwriter has severally agreed to purchase as set forth herein bears to the total number of Initial Securities, subject to such adjustments as Merrill Lynch in its discretion shall make to eliminate any sales or purchases of a fractional number of Option Securities.

(c) Payment. Payment of the purchase price for, and delivery of, the Initial Securities shall be made at the offices of LeBoeuf, Lamb, Greene & MacRae, L.L.P. or at such other place as shall be agreed upon by Merrill Lynch and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of
Section 10 hereof), or such other time not later than ten business days after such date as shall be agreed upon by Merrill Lynch and the Company (such time and date of payment and delivery being herein called "Closing Time"). In addition, in the event that the Underwriters have exercised their option, if any, to purchase any or all of the Option Securities, payment of the purchase price for, and delivery of such Option Securities, shall be made at the above-mentioned offices of LeBoeuf, Lamb, Greene & MacRae, L.L.P. or at such other place as shall be agreed upon by Merrill Lynch and the Company, on the relevant Date of Delivery as specified in the notice from Merrill Lynch to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to Merrill Lynch for the respective accounts of the Underwriters of the Securities to be purchased by them. It is understood that each Underwriter has authorized Merrill Lynch, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Securities which it has severally agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Securities to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) Denominations; Registration. Certificates representing the Securities shall be in such denominations and registered in such names as Merrill Lynch may request in writing at least one full business day prior to the Closing Time or the relevant Date of Delivery, as the case may be. Certificates representing the Securities will be made available for examination and packaging by Merrill Lynch in the City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with Merrill Lynch and with each Underwriter participating in the offering of Securities, as follows:

(a) Compliance with Securities Regulations and Commission Requests. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A of the 1933

Act Regulations and/or Rule 434 of the 1933 Act Regulations, if and as applicable, and will notify the Representatives immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus, (ii) the receipt of any comments from the Commission, (iii) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424 and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424 was received for filing by the Commission and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) Filing of Amendments. The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) of the 1933 Act Regulations), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish Merrill Lynch with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which Merrill Lynch or counsel for the Underwriters shall object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The Registration Statement and each amendment thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company will deliver to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Underwriting Agreement and in the Registration Statement and the Prospectus. If at any time when the Prospectus is required by the 1933 Act or the 1934 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters, without charge, such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as Merrill Lynch may designate and to maintain such qualifications in effect for a period of not less than one year from the date hereof; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date hereof.

(g) Earnings Statement. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of
Section 11(a) of the 1933 Act.

(h) Use of Proceeds. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds".

(i) Listing. The Company will use its best efforts to effect the listing of the Securities prior to the Closing Time, on the New York Stock Exchange.

(j) Restriction on Sale of Securities. During a period of 90 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Prospectus, (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan, or (E) a number of shares of Common Stock not to exceed 253,125 to be issued to NMS Liquidation, Inc., formerly known as Northwest Mortgage Services, Inc., a Minnesota corporation ("Northwest"), pursuant to the Asset Purchase Agreement dated as of March 2, 2000 by and between the Company and Northwest.

(k) Reporting Requirements. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

SECTION 4. Payment of Expenses.

(a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Underwriting Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Underwriting Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of certificates representing the Securities to the Underwriters, including any transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors or agents (including transfer agents and registrars), (v) the qualification of the Securities under state securities laws in accordance with the provisions of
Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation, printing and delivery of any Blue Sky survey in connection with the offering of the Securities, and any amendment thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheet, and the Prospectus and any amendments or supplements thereto, (vii) the fees charged by nationally recognized statistical rating organizations for the rating of the Securities, if applicable, (viii) the fees and expenses incurred with respect to the listing of the Securities, (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review, if any, by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Securities, and (x) the fees and expenses of any Underwriter acting in the capacity of a "qualified

independent underwriter" (as defined in Section 2(l) of Schedule E of the bylaws of the NASD), if applicable.

(b) Termination of Agreement. If this Underwriting Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Securities pursuant to this Underwriting Agreement are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or be pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing information relating to the description of the Securities, the specific method of distribution and similar matters shall have been filed with the Commission in accordance with Rule 424(b)(1), (2), (3), (4) or (5), as applicable (or any required post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A), or, if the Company has elected to rely upon Rule 434 of the 1933 Act Regulations, a Term Sheet including the Rule 434 Information shall have been filed with the Commission in accordance with Rule 424(b)(7). Post-Effective Amendment No. 1 to the Registration Statement shall have been filed with the Commission in the form attached hereto as Exhibit D.

(b) Opinion of Stradling Yocca Carlson & Rauth. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Stradling Yocca Carlson & Rauth, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit B-1 hereto and to such further effect as counsel to the Underwriters may reasonably request.

(c) Opinion of General Counsel of Company. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Peter Sadowski, General Counsel of the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, to the effect set forth in Exhibit B-2 hereto and to such further effect as counsel to the Underwriters may reasonably request.

(d) Opinion of Counsel for Underwriters. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of LeBoeuf, Lamb, Greene

& MacRae, L.L.P., counsel for the Underwriters, in form and substance satisfactory to the Underwriters, with respect to the issuance and sale of the Securities, and other related matters as the Underwriters may reasonably require, together with signed or reproduced copies of such letter for each of the other Underwriters. The Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In giving such opinion, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(e) Officers' Certificate. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial officer or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change or any material adverse change or any development involving a prospective material adverse change in the capital stock or in the long-term debt of the Company or any of its subsidiaries, (ii) the representations and warranties in Section 1(a) are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted, are pending or, to the best of such officer's knowledge, are threatened by the Commission.

(f) Accountant's Comfort Letter. At the time of the execution of this Underwriting Agreement, the Representatives shall have received from KPMG LLP a letter dated such date, substantially in the form attached hereto as Exhibit C together with signed or reproduced copies of such letter for each of the other Underwriters, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(g) Bring-down Comfort Letter. At Closing Time, the Representatives shall have received from KPMG LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (f) of this Section 5, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(h) Ratings. Since the time of execution of this Underwriting Agreement, there shall not have occurred a downgrading in, or withdrawal of, the rating assigned to any of the Company's securities or the Company's financial strength or claims paying ability by any "nationally recognized statistical rating organization" as such term is defined for purposes of

Rule 436(g)(2), and no such rating organization shall have publicly announced that it has under surveillance or review a downgrading or withdrawal of its rating of the Company's financial strength or claims paying ability.

(i) Approval of Listing. At Closing Time, the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance, if and as specified in this Underwriting Agreement.

(j) No Objection. If the Registration Statement or an offering of Securities has been filed with the NASD for review, the NASD shall not have raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(k) Lock-up Agreements. At the date of this Underwriting Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit A-1 hereto signed by the persons listed on Schedule C-1 hereto and an agreement substantially in the form of Exhibit A-2 hereto signed by the persons listed on Schedule C-2 hereto.

(l) Over-Allotment Option. In the event that the Underwriters exercise their option to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any of its subsidiaries hereunder shall be true and correct as of each Date of Delivery, and, at the relevant Date of Delivery, the Representatives shall have received:

(1) A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and the chief financial officer or chief accounting officer of the Company, confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(2) The favorable opinion of Stradling Yocca Carlson & Rauth, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(3) The favorable opinion of Peter Sadowski, General Counsel of the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(4) The favorable opinion of LeBoeuf, Lamb, Greene & MacRae, L.L.P., counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(5) A letter from KPMG LLP, in form and substance satisfactory to Merrill Lynch and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to Merrill Lynch pursuant to Section 5(f) hereof, except that the "specified date" on the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(m) Additional Documents. At Closing Time and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(n) Termination of Underwriting Agreement. If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this Underwriting Agreement, (or, in the case of any condition to the purchase of Option Securities, on a Date of Delivery after the Closing Time, the obligations of the several Underwriters to purchase such Option Securities on such Date of Delivery) may be terminated by the Representatives by notice to the Company at any time at or prior to the Closing Time (or such Date of Delivery, as applicable), and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of Underwriters. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(1) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(2) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(3) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any

governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (1) or (2) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(b) Indemnification of Company, Directors and Officers. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by
Section 6(a)(2) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Securities pursuant to this Underwriting Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause
(i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Underwriting Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Securities (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet bear to the aggregate initial public offering price of such Securities as set forth on such cover.

The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7.

The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of
Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names on Schedule A, and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Underwriting Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of and payment for the Securities.

SECTION 9. Termination.

(a) Termination; General. The Representatives may terminate this Underwriting Agreement, by notice to the Company, at any time at or prior to the Closing Time, if (i) there has been, since the time of execution of this Underwriting Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) there has occurred any material adverse change in the financial markets in the United States or any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange or the American Stock Exchange or in the Nasdaq National Market, has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by either of said exchanges or by such system or by order of the Commission, the NASD or any other governmental authority, or (iv) a banking moratorium has been declared by either Federal or New York authorities.

(b) Liabilities. If this Underwriting Agreement is terminated pursuant to this Section 9, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at the Closing Time or the relevant Date of Delivery, as the case may be, to purchase the Securities which it or they are obligated to purchase under this Underwriting Agreement (the "Defaulted Securities"), then the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date pursuant to this Underwriting Agreement, the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations herein bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date pursuant to this Underwriting Agreement, such Underwriting Agreement (or, with respect to the Underwriters' exercise of any applicable over-allotment option for the purchase of Option Securities on a Date of Delivery after the Closing Time, the obligations of the Underwriters to purchase, and the Company to sell, such Option Securities on such Date of Delivery) shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section 10 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in (i) a termination of this Underwriting Agreement or (ii) in the case of a Date of Delivery after the Closing Time, a termination of the obligations of the Underwriters and the Company with respect to the related Option Securities, as the case may be, either the Representatives or the Company shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to Merrill Lynch at World Financial Center, North Tower, New York, New York 10281-1201, attention of Syndicate Department; and notices to the Company shall be directed to it at 4050 Calle Real, Suite 200, Santa Barbara, California 93110, attention of General Counsel.

SECTION 12. Parties. This Underwriting Agreement shall each inure to the benefit of and be binding upon the Company, Merrill Lynch and any other Underwriters and their respective successors. Nothing expressed or mentioned in this Underwriting Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Underwriting Agreement or any provision herein or therein contained. This Underwriting Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and thereto and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. Governing Law and Time. This Underwriting Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York. Except as otherwise set forth herein, specified times of day refer to New York City Time.

SECTION 14. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this Underwriting Agreement, along with all counterparts, will become a binding agreement between Merrill Lynch and the Company in accordance with its terms.

Very truly yours,

FIDELITY NATIONAL FINANCIAL, INC.

By: /s/ Alan L. Stinson

Name: Alan L. Stinson
Title: Executive Vice President and
Chief Executive Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
BEAR, STEARNS & CO. INC.
LEHMAN BROTHERS INC.
U.S. BANCORP PIPER JAFFRAY INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: /s/ Joseph E. (Jeff) Consolino

Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

SCHEDULE A

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,371,750
Bear, Stearns & Co, Inc	1,467,750
Lehman Brothers Inc	1,467,750
U.S. Bancorp Piper Jaffray Inc	1,467,750
Fox-Pitt, Kelton Inc.	75,000
Janney Montgomery Scott LLC	75,000
Roth Capital Partners, Inc.	75,000
Total	7,000,000

SCHEDULE B

FIDELITY NATIONAL FINANCIAL, INC.

7,000,000 Shares of Common Stock
(Par Value $.0001 Per Share)

1. The initial public offering price per share for the Securities, determined as provided in Section 2, shall be $33.50.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $31.90, being an amount equal to the initial public offering price set forth above less $1.60 per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by the amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

EXHIBIT 21

FIDELITY NATIONAL FINANCIAL, INC.

LIST OF SUBSIDIARIES

COMPANY NAME	STATE OF INCORPORATION
A.S.A.P. Legal Publication Services, Inc.	California
ACS Systems, Inc.	California
Alamo Title Company..	Texas
Alamo Title Company of Brazoria County, Inc., d/b/a Alamo Title Company...	Texas
Alamo Title Company of Harris County, Inc., d/b/a Alamo Title Company...	Texas
Alamo Title Company of Tarrant County, Inc., d/b/a Alamo Title Company...	Texas
Alamo Title Holding Company..................................	Texas
Alamo Title Insurance..	Texas
Alamo Title of Guadalupe County, Inc., d/b/a Alamo Title Company..	Texas
Alamo Title of Travis County, Inc., d/b/a Alamo Title Company..	Texas
Alexander Title Agency, Incorporated.........................	Virginia
Amtitle Company..	California
Arizona Sales and Posting, Inc.	Arizona
Baton Rouge Title Company Inc.	Louisiana
BHC&M, Ltd.	Virginia
Calwest Service Corporation..................................	California
Castle Advisors, Inc.	California
Castle Escrow Holdings, LLC..................................	California
CATCO, Inc. (50%)..	Oklahoma
Chicago Home Warranty, Inc.	California
Chicago Land Agency Services, Inc. (52%).....................	Illinois
Chicago Technology Services Corporation......................	Illinois
Chicago Title Agency of Central Ohio, Inc.	Ohio
Chicago Title and Trust Company..............................	Illinois
Chicago Title Company..	California
Chicago Title Company of Alameda County......................	California
Chicago Title Exchange Accommodator, Inc.	California
Chicago Title Insurance Company..............................	Missouri
Chicago Title Insurance Company of Oregon....................	Oregon
Chicago Title Insurance Company of Puerto Rico...............	Puerto Rico
Chicago Title Land Trust Company.............................	Illinois
Chicago Title of Colorado, Inc.	Colorado
Chicago Title of Michigan, Inc.	Michigan
CKC Corporation..	Washington
Classified Credit Data, Inc.	California
Commonwealth Title Company....................................	Washington
Creative Land Services, Inc.	Minnesota
Credit Reports, Inc.	California
CT/Nevada Holding Co.	Nevada
Dallas-Fidelity National Title Agency, Inc.	Texas
Decatur Title Company L.L.C.	Illinois

COMPANY NAME	STATE OF INCORPORATION
EC Purchasing.com, Inc.	Delaware
Executive Direct	California
Executive Title Agency Corp.	Ohio
Fidelity Asset Management, Inc. (AZ)	Arizona
Fidelity Asset Management, Inc. (CA)	California
Fidelity Express Network, Inc.	California
Fidelity National Agency of Arizona, Inc.	Arizona
Fidelity National Agency Sales and Posting	California
Fidelity National Appraisal Services, Inc.	Kansas
Fidelity National Asset Management Solutions, Inc.	Colorado
Fidelity National Company of California	California
Fidelity National Company of Northern California	California
Fidelity National Credit Services, Inc.	New York
Fidelity National Field Services, Inc.	Delaware
Fidelity National Flood Services, Inc.	Delaware
Fidelity National Home Warranty Company	California
Fidelity National Information Services, Inc.	California
Fidelity National Insurance Services, Inc. (AZ)	Arizona
Fidelity National Insurance Services, Inc. (CA)	California
Fidelity National Loan Portfolio Services, Inc.	California
Fidelity National Management Services, LLC	Delaware
Fidelity National Tax Service, Inc.	California
Fidelity National Title & Escrow of Hawaii, Inc.	Hawaii
Fidelity National Title Agency of Nevada, Inc.	Nevada
Fidelity National Title Agency of Pinal County, Inc.	Arizona
Fidelity National Title Agency, Inc.	Arizona
Fidelity National Title and Abstract, Inc.	Maryland
Fidelity National Title Company	California
Fidelity National Title Company of California	California
Fidelity National Title Company of Oregon	Oregon
Fidelity National Title Company of Washington, Inc.	Washington
Fidelity National Title Insurance Agency of Coconino	Arizona
Fidelity National Title Insurance Company	California
Fidelity National Title Insurance Company of New York	New York
Fidelity Participations, Inc.	California
Fidelity Tax Service, Inc.	California
First Title and Abstract of Monroe County, Inc. (85%)	Florida
First Title Corporation	Tennessee
FNF 1031, Inc.	California
FNF Capital, Inc.	Delaware
FNF Escrow Holdings, LLC	California
FNF Funding IX, LLC	Delaware
FNF Management Corp.	Delaware
FNTIC Properties	California
Fuentes and Kreischer Title Company	Florida
GF Funding Corp. II	Delaware
GF Funding Corp. III	Delaware

COMPANY NAME	STATE OF INCORPORATION
GF Funding Corp. IV...	Delaware
GF Funding Corp. V..	Delaware
GF Funding Corp. VI...	Delaware
GF Funding Corp. VIII.......................................	Delaware
GIT Holding Company, Inc. (60%).............................	Illinois
Greater Illinois Title Company, Inc.	Illinois
Gulf Stream Title Company of Miami..........................	Florida
Heritage American Insurance Services, Inc.	California
Hexter-Fair Title Company (50%).............................	Texas
Homesold..	California
Imaged Library Co., L.L.C. (50%)............................	Washington
Internet Escrow Services, Inc.	California
Investment Property Exchange Services, Inc.	California
Iowa Land Services Company..................................	Iowa
Island Title Company..	Washington
Johnson County Title Company, Inc.	Kansas
Kensington Development Corporation..........................	California
Lake County Trust Company...................................	Indiana
LaSalle County Title Company, L.L.C. (80%)..................	Illinois
LC Investment Corporation...................................	Indiana
LD Exchange.com, Inc.	Delaware
Lender's Posting and Publishing Company, Inc. .... CA)	Delaware (not
Lexington Capital Corporation...............................	Illinois
Liberty Title Company, Inc.	Minnesota
LRT Record Services, Inc.	Texas
Manchester Development Corporation..........................	California
Market Intelligence, Inc.	Massachusetts
McHenry County Title Company................................	Illinois
McLean County Title Company.................................	Illinois
McNamara, Inc.	Nevada
Meade Title Agency, Inc.	Ohio
Micro General Corporation (65.7%)...........................	Delaware
National Alliance Marketing Group, Inc.	California
National Safe Harbor Exchanges..............................	California
National Title Insurance Services, Inc.	North Carolina
Nations Post and Pub Services, Inc.	Kansas
Nations Title of Arizona, Inc.	Arizona
Nations Title, Inc.	Kansas
Nations Title Insurance of New York, Inc.	New York
North Pacific Funding, Inc.	Washington
Northwest Equities, Inc.	Texas
Northwest Title Agency of Ohio and Michigan, Inc.	Ohio
Pacific American Property Exchange Corporation..............	California
Professional Escrow, Inc.	Oregon
R. E. Works...	California
Real EC, Inc. (50%)...	Delaware
Real Estate Exchange, Inc.	Oregon

COMPANY NAME	STATE OF INCORPORATION
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Real Estate Index, Inc.	Illinois
RealInfo, L.L.C. (50%)......................................	Illinois
Rocky Mountain Aviation, Inc.	Arizona
Rocky Mountain Printing Services, Inc.	California
Rocky Mountain Support Services, Inc.	Arizona
San Joaquin Title Company...................................	California
Security Title Agency, Inc.	Arizona
Security Union Title Insurance Company......................	California
Sentry Service Systems, Inc.	Arizona
SPI I Company...	Delaware
SPI I, LLC..	Delaware
Statewide Research, Inc.	Florida
Strategic Property Enterprises, Inc.	California
Strategic Property Investments, Inc.	Delaware
Spring Service Corporation..................................	California
Spring Service Texas, Inc.	Texas
SWT Holding, Inc.	Texas
The Title Company of Canada, Ltd.	Canada
Ticor Financial Company.....................................	California
Ticor Title Insurance Company...............................	California
Title Accounting Services Corporation.......................	Illinois
Title and Trust Company.....................................	Idaho
Title Associates, L.L.C.	Florida
Title Insurance and Escrow Services, Inc.	Oregon
Title Insurance Policy Co. of Pinal County..................	Arizona
Title Services, Inc.	Tennessee
TitleServ, Inc.	New York
Title-Tax, Inc.	California
TPO, Inc.	Oklahoma
Trans Chicago LLC...	Delaware
TT Acquisition Corp.	Texas
TXMNet, Inc.	Delaware
United Financial Management Company.........................	Nevada
United Title of Nevada, Inc.	Nevada
UTC Capital Group, Inc.	Texas
WAEC, Inc.	California
Washington Title Company....................................	Washington
Western Financial Trust Company.............................	California
Yuma Title Agency, Inc.	Arizona
Yuma Title & Trust Company..................................	Arizona

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Fidelity National Financial, Inc.

We consent to incorporation by reference in the Registration Statements (No. 33-32853, 33-15027, 33-34300, 33-45709, 33-45272, 33-15008, 33-56514, 33-64834, 33-64836, 33-83026, 33-61983, 333-32806, 333-48411, 333-61111, 333-64229, 333-52744) on Form S-8 of Fidelity National Financial, Inc. of our reports dated February 14, 2001, relating to the Consolidated Balance Sheets of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2000 and 1999 and the related Consolidated Statements of Earnings, Comprehensive Earnings, Stockholders' Equity and Cash Flows and related schedules for each of the years in the three-year period ended December 31, 2000 which reports appear in the December 31, 2000 Annual Report on Form 10-K of Fidelity National Financial, Inc.

KPMG LLP

Los Angeles, California
March 27, 2001

End of Filing