

FIDELITY NATIONAL FINANCIAL INC /DE/

Form S-4/A

February 24, 2003

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As filed with the Securities and Exchange Commission on February 24, 2003

Registration No. 333-103067

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**AMENDMENT NO. 1  
TO**

**Form S-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**FIDELITY NATIONAL FINANCIAL, INC.**

*(Exact name of Registrant as specified in its charter)*

**DELAWARE**  
*(State or other jurisdiction of  
incorporation or organization)*

**6361**  
*(Primary Standard Industrial  
Classification Code Number)*

**86-0498599**  
*(I.R.S. Employer  
Identification No.)*

**17911 VON KARMAN AVENUE, SUITE 300  
IRVINE, CALIFORNIA 92614  
(949) 622-4333**

*(Address, including zip code, and telephone number, including area code,  
of registrant's principal executive offices)*

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**Peter T. Sadowski, Esq.  
Executive Vice President and General Counsel  
Fidelity National Financial, Inc.  
17911 Von Karman Avenue, Suite 300  
Irvine, CA 92614  
(949) 622-4333**

*(Name, address, including zip code, and telephone number,  
including area code, of agent for service)*

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**With copies to:  
C. Craig Carlson, Esq.  
Stradling Yocca Carlson & Rauth  
660 Newport Center Drive  
Suite 1600  
Newport Beach, California 92660  
(949) 725-4000**

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**Approximate Date Of Commencement Of Proposed Sale To The Public:** As soon as practicable after this Registration Statement is declared effective and all other conditions to the merger (the Merger) of ANFI, Inc. (ANFI) with and into a wholly-owned subsidiary of Fidelity National Financial, Inc. (the Registrant or FNF) pursuant to the Agreement and Plan of Merger described in the enclosed proxy statement/prospectus have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this proxy statement/prospectus is not complete and may be changed. We may not offer or sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

SUBJECT TO COMPLETION, DATED FEBRUARY 18, 2003

**PROSPECTUS OF  
FIDELITY NATIONAL FINANCIAL, INC.**

**PROXY STATEMENT OF  
ANFI, INC.**

**MERGER PROPOSAL**

**YOUR VOTE IS VERY IMPORTANT**

To the Shareholders of ANFI, Inc.:

The Board of Directors of ANFI, Inc., formerly American National Financial, Inc., ( ANFI ) by unanimous vote of its disinterested directors has approved an agreement and plan of merger with Fidelity National Financial, Inc. ( FNF ) whereby FNF will acquire ANFI through a merger of ANFI into a wholly-owned subsidiary of FNF (the Merger ). In order to complete the Merger, ANFI must obtain the approval of its shareholders. ANFI believes that this Merger will benefit its shareholders and asks for your support in voting for the Merger proposal at ANFI 's special meeting.

Under the terms of the Agreement and Plan of Merger, dated as of January 9, 2003 (the Merger Agreement ), ANFI will merge into a wholly-owned subsidiary of FNF, with such wholly-owned subsidiary of FNF emerging as the surviving corporation. In the Merger, each share of ANFI common stock outstanding immediately prior to the effective time of the Merger will be converted into 0.454 shares of FNF common stock. In addition, subject to certain limitations applicable to the senior executives of ANFI, outstanding ANFI stock options will be assumed by FNF. FNF shares are traded on the New York Stock Exchange under the symbol FNF. ANFI shares are traded on the Nasdaq National Market under the symbol ANFI. On February 18, 2003, the closing price of FNF common stock was \$31.45 per share. On February 18, 2003, the closing price of ANFI common stock was \$14.23 per share. We encourage you to obtain more recent quotations.

After careful consideration, the ANFI Board of Directors has determined that the Merger and the transactions associated with it are fair to and in the best interests of ANFI and its shareholders and has approved the Merger Agreement. The ANFI Board of Directors recommends that you vote FOR the approval of the Merger and the adoption of the Merger Agreement.

Before the Merger can be consummated, shareholders holding a majority of the outstanding shares of ANFI common stock must approve and adopt the Merger Agreement and the Merger. Shareholders of ANFI who beneficially own an aggregate of approximately 36.3% of the outstanding shares of ANFI common stock have entered into a Voting Agreement with FNF to vote all of their outstanding ANFI common stock in favor of the Merger Agreement and the Merger. After adding the shares of ANFI common stock subject to the Voting Agreement to the shares of ANFI common stock held by FNF and by William P. Foley, II, a director of ANFI and the Chairman of the Board of Directors and Chief Executive Officer of FNF, it is expected that at least approximately 64.1% of the outstanding shares of ANFI common stock as of December 31, 2002, will vote in favor of the Merger Agreement and Merger, assuring ANFI shareholder approval.

ANFI will hold a special meeting of its shareholders on Wednesday, March 26, 2003, at 10:00 a.m. local time, at the Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California 92612, to consider and vote on the Merger Agreement and the Merger. ANFI 's Board of Directors has fixed the close of business on February 11, 2003 as the record date for the determination of ANFI shareholders entitled to notice of, and to vote at, the ANFI special meeting.

This document is a prospectus of FNF relating to the issuance of shares of FNF common stock in connection with the Merger and a proxy statement for ANFI to use in soliciting proxies for its special meeting.

We strongly urge you to read and consider carefully this proxy statement/prospectus in its entirety, including the matters discussed under the section entitled Risk Factors beginning on page 23.

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Your vote is important. Whether or not you plan to attend the ANFI special meeting in person, please take the time to vote your shares. You may vote your shares by completing, signing and dating the enclosed proxy card and promptly returning it in the accompanying prepaid envelope.

Michael C. Lowther

*Chairman of the Board and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities regulator has approved the FNF common stock to be issued in the Merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated \_\_\_\_\_, 2003 and is first being mailed to shareholders on or about \_\_\_\_\_, 2003.

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**ANFI, INC.**

**1111 E. Katella Avenue, Suite 220  
Orange, California 92867**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held On March 26, 2003**

To the Shareholders of ANFI, Inc.:

We will hold a special meeting of shareholders of ANFI, Inc. at 10:00 a.m., local time, on Wednesday, March 26, 2003 at The Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California 92612, for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger dated as of January 9, 2003, by and among Fidelity National Financial, Inc., a Delaware corporation ( FNF ), ANFI Merger Sub, Inc., a California corporation and a wholly-owned subsidiary of FNF ( Merger Sub ), and ANFI, Inc., a California corporation ( ANFI ), a copy of which is attached as Appendix A to the accompanying proxy statement/prospectus (the Merger Agreement ).

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement.

Only shareholders of record of ANFI common stock at the close of business on February 11, 2003 are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement thereof. Approval of the Merger Agreement will require the affirmative vote of the holders of ANFI common stock representing a majority of the outstanding shares of ANFI common stock entitled to vote at the special meeting.

YOUR VOTE IS IMPORTANT. TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE SPECIAL MEETING, YOU ARE URGED TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON. YOU MAY REVOKE YOUR PROXY IN THE MANNER DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT/ PROSPECTUS AT ANY TIME BEFORE IT HAS BEEN VOTED AT THE SPECIAL MEETING. IF YOU ATTEND THE SPECIAL MEETING YOU MAY VOTE IN PERSON EVEN IF YOU RETURNED A PROXY.

BY ORDER OF THE BOARD OF DIRECTORS

Fernando Velez, Jr.,  
*Corporate Secretary*

, 2003

Orange, California

PLEASE DO NOT SEND YOUR STOCK CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR STOCK CERTIFICATES.

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Insurance regulators may not approve FNF's plans to convert ANFI's title and escrow operations to Ticor operations.

The price of FNF's common stock may fluctuate rapidly and prevent stockholders from selling their stock at a profit.

The sale of a substantial amount of FNF common stock after the Merger could adversely affect the market price of FNF common stock.

Risks Related to FNF

FNF's revenues may decline during periods when the demand for FNF's products and services decreases.

As a holding company, FNF depends on distributions from its subsidiaries, and if distributions from its subsidiaries are materially impaired, FNF's ability to declare and pay dividends may be adversely affected.

FNF's entering into new business lines subjects it to associated risks, such as the diversion of management attention, difficulty integrating operations and lack of experience in operating such businesses.

Difficulties FNF may encounter managing its growth could adversely affect its results of operations.

FNF faces competition in its industry from traditional title insurers and from new entrants with alternative products.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: Why are the two companies proposing to merge?**

A: FNF expects that the Merger will result in synergies for FNF's and ANFI's combined operations, furthering its ability to develop and expand its and ANFI's operations. The Merger will combine FNF's and ANFI's complementary strengths and provide significant benefits to FNF's stockholders and customers. ANFI believes that the merger consideration will provide a significant premium and increased liquidity to the ANFI shareholders.

**Q: What am I being asked to vote on?**

A: ANFI shareholders are being asked to approve the proposed Merger of FNF and ANFI.

**Q: What do I need to do now?**

A: After you have carefully read this proxy statement/prospectus, indicate on your proxy how you want to vote, and sign and mail it in the enclosed prepaid return envelope as soon as possible so that your shares may be represented and voted at the ANFI special meeting. If you send the proxy without indicating how you want to vote, we will count your proxy as a vote in favor of the Merger. The Board of Directors of ANFI recommends voting for the Merger.

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted on the proposed Merger, which will have the same effect as voting against the proposed Merger.

**Q: Can I change my vote after I have mailed my signed proxy card?**

A: Yes. There are several ways in which you may revoke your proxy and change your vote. First, you may send a written notice to the party to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy. Third, you may attend the ANFI special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

**Q: Should I send in my stock certificates now?**

A: No. We will send ANFI shareholders separate written instructions for exchanging their share certificates promptly after the effective time of the Merger. FNF stockholders will keep their existing share certificates.

**Q: What will happen to my future dividends?**

A: The Merger Agreement prohibits ANFI from paying dividends through the closing of the Merger. However, FNF has agreed to permit ANFI to declare and pay a cash dividend with respect to its first quarter not to exceed \$0.125 per share if the Merger has not been consummated by April 11, 2003, which is the record date for FNF's first quarter 2003 dividend. Following the Merger, the ANFI shareholders will become FNF stockholders, and dividends will be paid on the FNF shares held by the former ANFI shareholders only as determined by the Board of Directors of FNF. On January 22, 2002, FNF's Board of Directors declared a cash dividend of \$0.09 per share (as adjusted to reflect the ten percent stock dividend on May 23, 2002) payable on April 26, 2002, to stockholders of record as of April 12, 2002. On April 24, 2002, FNF's Board of Directors declared a cash dividend of \$0.10 per share, payable on July 23, 2002, to stockholders of record as of July 9, 2002. On July 23, 2002, FNF's Board of Directors declared a

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cash dividend of \$0.12 per share, payable on October 25, 2002, to stockholders of record on October 11, 2002. On October 22, 2002, FNF's Board of Directors declared a cash dividend of \$0.12 per share, payable on January 21, 2003, to stockholders of record on January 7, 2003. On January 28, 2003, FNF's Board of Directors declared a cash dividend of \$0.15 per share, payable on April 25, 2003, to stockholders of record on April 11, 2003. After the Merger, FNF expects its quarterly dividend to continue to be \$0.15 per common share.

**Q: Are the FNF stockholders also required to approve the Merger?**

A. FNF has determined that the approval of its stockholders is not necessary in connection with the Merger.

**Q: Has an outside party given its opinion as to the fairness of the merger consideration?**

A. A Special Committee of ANFI's Board of Directors received an opinion from Houlihan, Lokey, Howard & Zukin Financial Advisors, Inc., to the effect that, as of the date of the opinion and subject to the assumptions, limitations and qualifications contained therein that the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the Merger is fair to them from a financial point of view. The term Unaffiliated Shareholders means the shareholders of ANFI, other than FNF, FNF's affiliates and the executive management of ANFI. The Special Committee utilized this fairness opinion in evaluating the Merger. See The Merger Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. to the Special Committee and Appendix C.

**Q: Are there any conditions to completion of the Merger?**

A. In addition to ANFI shareholder approval, the Merger is also subject to the following conditions:

the absence of specified material and adverse changes affecting ANFI or FNF;

obtaining all necessary regulatory approvals;

the FNF shares of common stock to be issued in the Merger shall have been authorized for listing on the NYSE, subject to official notice at issuance;

in the event the ANFI shareholders have appraisal, dissenters' or similar rights under applicable law, no more than three percent of the ANFI common shares, determined as of the record date for the ANFI special meeting, shall have made an effective demand for exercise of their appraisal, dissenters' or similar rights under applicable law.

receipt by each of ANFI and FNF of legal opinions to the effect that the Merger will qualify as a reorganization within the meaning of Section 368 of the Internal Revenue Code; and

the absence of any legal restraint blocking the Merger.

See The Merger Agreement Conditions to the Merger.

**Q: What rights do I have if I oppose the Merger?**

A. You can vote against the Merger by indicating a vote against the proposal on your proxy card and signing and mailing your proxy card, or by voting against the Merger in person at the meeting. Failure to submit a proxy or vote at the meeting will have the same effect as a vote against the Merger. Under California law, since ANFI's and FNF's shares are listed on the NASDAQ and New York Stock Exchange respectively, dissenting ANFI shareholders do not have the right to receive the appraised value of their shares in connection with the proposed Merger unless demands for payment are filed to the extent of five percent or more of the outstanding shares of that class of stock. In the event this occurs, FNF will not be required to complete the Merger. However, if FNF decides to complete the Merger, you will not receive any stock in FNF if you dissent and follow all required procedures. If you do not vote in favor of the proposed Merger and it takes place anyway you will be bound by the terms of the Merger Agreement.

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**Q: Have any lawsuits been filed in connection with the Merger?**

A: Yes. After FNF and ANFI announced the execution of the Merger Agreement, three putative class actions were filed in California against FNF and the directors of ANFI. These actions allege that the defendants have breached their fiduciary duties to ANFI's shareholders, by among other things, agreeing to inadequate and unfair merger terms whereby FNF will acquire the publicly held shares of ANFI. FNF and ANFI believe these lawsuits are without merit and intend to vigorously defend the cases. See The Merger Pending Litigation Shareholder Litigation beginning on page 55.

**Q: When and where will the Special Meeting be held?**

A: The Special Meeting will be held at The Irvine Marriott Hotel, 18000 Von Karman Avenue, Irvine, California 92612, on Wednesday, March 26, 2003 at 10:00 a.m. local time. See The Special Meeting.

**Q: Who can vote?**

A: Only shareholders of record as of the close of business on February 11, 2003 may vote at the meeting. See The ANFI Special Meeting Record Date; Vote Required.

**Q: How do I vote?**

A: Other than by attending the special meeting and voting in person registered shareholders of ANFI may vote by mail, using the enclosed proxy card and envelope.

**Q: What if I am a beneficial holder rather than an owner of record?**

A: If you hold your ANFI shares through a broker, bank or other nominee, you will receive separate instructions from the nominee describing how you may vote your ANFI shares.

**Q: What other matters will be voted on at this Special Meeting?**

A: California law and ANFI's Bylaws do not permit any other matters to be presented at this special meeting except for procedural matters including adjournment of the meeting to a later date.

**Q: What does it mean if I receive more than one proxy or voting instruction card?**

A: It means that your shares are registered differently or held in more than one account. Please complete, sign, date and mail each proxy card that you receive.

**Q: What happens if I sell my shares before the Special Meeting?**

A: The record date for the meeting is earlier than the expected completion date of the Merger. If you held your shares on the record date, but have transferred those shares after the record date and before the Merger, you will retain your right to vote at the meeting, but not the right to receive the Merger consideration. The right to receive the merger consideration will pass to the person to whom you transferred your shares.

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**Q: Who should I contact if I have questions about the Merger and need additional copies of the proxy statement?**

A. If you have more questions about the Merger or would like additional copies of the attached proxy statement, you should contact Jo Ann N. Bunton, ANFI, Inc., 1111 E. Katella Avenue, Suite 220, Orange California 92867, Telephone: (714) 289-4300.

**If you would like additional copies of this proxy statement/prospectus or the enclosed proxy card, or if you have questions about the Merger, the special meeting, or how to vote by proxy, please contact:**

ANFI, Inc.  
1111 E. Katella Avenue, Suite 220  
Orange, California 92867  
Attention: Jo Ann N. Bunton  
Phone Number: (714) 289-4300

U.S. Stock Transfer Corporation  
1745 Gardena Avenue, Suite 200  
Glendale, California 91204  
Attention: Bridget Barela  
Phone Number: (818) 502-1404

**If you would like copies of any FNF documents incorporated by reference in this proxy statement/prospectus, please contact FNF at the following address:**

Fidelity National, Financial, Inc.  
  
4050 Calle Real, Suite 200  
Santa Barbara, California 93110  
Attention: Daniel K. Murphy,  
Senior Vice President, Investor Relations  
dmurphy@fnf.com  
Phone Number: (805) 696-7218

FNF has supplied all information contained or incorporated by reference in this proxy statement/prospectus relating to FNF, and ANFI has supplied all information contained in this proxy statement/prospectus relating to ANFI.

THIS DOCUMENT INCORPORATES BY REFERENCE IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT FNF FROM OTHER DOCUMENTS FILED WITH THE SEC. THIS DOCUMENT IS ACCOMPANIED BY A COPY OF ANFI'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001 (RESTATED) AND A COPY OF ANFI'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2002, WHICH ARE ATTACHED TO THIS DOCUMENT AS APPENDIX D AND APPENDIX E, RESPECTIVELY. YOU MAY HAVE PREVIOUSLY BEEN SENT SOME OF THE FNF DOCUMENTS INCORPORATED HEREIN BY REFERENCE, WHICH ARE LISTED UNDER THE HEADING WHERE YOU CAN FIND MORE INFORMATION, BUT YOU CAN OBTAIN ANY OF THEM FROM FNF OR THE SEC. THE DOCUMENTS INCORPORATED BY REFERENCE ARE AVAILABLE WITHOUT CHARGE UPON WRITTEN OR ORAL REQUEST TO THE PERSON IDENTIFIED ABOVE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS IN ADVANCE OF THE ANFI SPECIAL MEETING, PLEASE MAKE YOUR REQUEST NO LATER THAN MARCH 19, 2003, WHICH IS FIVE BUSINESS DAYS BEFORE THE ANFI SPECIAL MEETING.

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**CAUTIONARY STATEMENT REGARDING**

**FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and business of each of FNF and ANFI. These statements may be made directly in this document or may be incorporated by reference from other documents filed with the SEC by FNF or ANFI. You can find many of these statements by looking for words such as believes, expects, anticipates, estimates or similar expressions in this proxy statement/prospectus or in documents incorporated by reference herein.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties, and the Private Securities Litigation Reform Act provides a safe harbor for these statements. Factors that may cause actual results to differ from those contemplated by the forward-looking statements include, among others, the following possibilities.

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.

Adverse publicity.

The ability to identify businesses to be acquired.

Availability of qualified personnel.

Employee benefits costs and changes in, or the failure to comply with government regulations.

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement/prospectus or, in the case of documents incorporated by reference, the date of such documents.

All subsequent written and oral forward-looking statements attributable to FNF or ANFI or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither FNF nor ANFI undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.



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**SUMMARY**

This summary highlights information from this proxy statement/prospectus. Because it is a summary, it does not contain all of the information that may be important to you. FNF and ANFI urge you to read carefully the entire proxy statement/ prospectus and the other documents to which this document refers to obtain a full understanding of the Merger.

**The Companies**

**Fidelity National Financial, Inc.**

**17911 Von Karman Avenue, Suite 300  
Irvine, CA 92614  
(949) 622-4333**

FNF is the largest title insurance and diversified real estate related services company in the United States. FNF's title insurance underwriters Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title together issued approximately 29% of all title insurance policies issued nationally during 2001. FNF provides title insurance in 49 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands, and in Canada and Mexico. Since acquiring Chicago Title Corporation in March 2000, FNF has leveraged its national network of 1,100 direct offices and 8,700 agents to secure the leading market share (based on net premiums written) in three out of the four states that account for 50% of the real estate activity in the country.

In addition, FNF provides a broad array of escrow and other title related services, as well as real estate related products and 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;

property data and disclosure services;

multiple listing services;

flood insurance; and

homeowners insurance.

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**ANFI, Inc.**

**1111 E. Katella Avenue, Suite 220  
Orange, California 92867  
(714) 289-4300**

ANFI, through its subsidiaries, provides title insurance services as well as other real estate related financial and informational services including:

- escrow;
- real estate information;
- trustee sale guarantees;
- exchange intermediary services;
- document preparation and research services,;
- notary signing services;
- property management; and
- appraisals.

In addition, ANFI obtains specialized services for customers, including tax reporting services and courier services. ANFI focuses its business on the residential real estate market and in 2001 generated the majority of its revenue from issuing title insurance policies as an independent agent on behalf of an affiliated title underwriter. For the years ended December 31, 2001, 2000 and 1999, net title service revenue represented approximately 55.9%, 53.1% and 57.8% of ANFI's revenues, respectively.

ANFI's primary operations are conducted in 17 counties, consisting of 104 offices, located in major counties throughout California, Arizona and Nevada. ANFI's offices process real estate transactions within their geographical area or region. Each county is operated as a separate profit center.

From 1999 through 2002, ANFI established offices in Tennessee, Florida, and New York and Pennsylvania to expand its current customer base by developing agency relationships. In addition, during 2001, ANFI expanded its operations by opening several title and escrow offices in California and Arizona, in addition to the formation of the Wireless Title Service division.

This proxy statement/prospectus is accompanied by a copy of ANFI's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (restated) and a copy of ANFI's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, which includes financial information for the three and nine month periods ended September 30, 2002, which are attached hereto as Appendix D and Appendix E, respectively. Certain reclassifications have been made to ANFI's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 to conform with the September 30, 2002 presentation. In addition, transitional disclosures required under Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, paragraph 61, have been added and all data with respect to earnings per share, dividends per share and share information, including price per share where applicable, have been retroactively adjusted to reflect the effect of the five-for-four (25%) stock split declared by ANFI's Board of Directors on June 27, 2002, and effective July 18, 2002. Such documents contain detailed financial and other information about ANFI and are hereby incorporated by reference in this proxy statement/prospectus.

**ANFI Merger Sub, Inc.**

**17911 Von Karman Avenue, Suite 300  
Irvine, CA 92614  
(949) 622-4333**

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ANFI Merger Sub, Inc., a California corporation, is a newly-formed, wholly-owned subsidiary of FNF. FNF formed ANFI Merger Sub, Inc. solely to effect the Merger, and ANFI Merger Sub, Inc. has not

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conducted and will not conduct any business from its inception through the effectiveness of the Merger. ANFI Merger Sub, Inc. is sometimes referred to in this document as the merger sub.

**The ANFI Special Meeting**

The ANFI special meeting will be held on Wednesday, March 26, 2003 at 10:00 a.m. local time, at The Irvine Marriott Hotel located at 18000 Von Karman Avenue, Irvine, California 92612. At the ANFI special meeting, ANFI common shareholders will be asked to approve and adopt the Merger Agreement and the Merger.

***Record Date; Vote Required*** (Page 36)

You are entitled to vote at ANFI's special meeting if you owned shares at the close of business on February 11, 2003, which is the record date for the special meeting. On February 11, 2003, there were 9,920,940 shares of ANFI common stock issued and outstanding and entitled to vote. You can cast one vote with respect to the Merger Agreement, for each share of ANFI common stock that you owned on the record date.

Approval by ANFI shareholders of the Merger Agreement requires the affirmative vote of holders of more than 50% of the shares of ANFI common stock outstanding on the record date. As described below under the heading *Share Ownership of FNF and Affiliates*, it is expected that at least 6,122,983, or approximately 64.1% of the outstanding shares of ANFI common stock as of December 31, 2002, will vote in favor of the Merger, assuring ANFI shareholder approval of the Merger Agreement and Merger.

***Share Ownership of Management and Directors; Voting Agreement*** (Page 36)

As of February 3, 2003, directors and executive officers of ANFI and their affiliates held and were entitled to vote 3,156,802 shares of ANFI common stock, or approximately 32% of the shares of ANFI common stock outstanding on February 3, 2003. Pursuant to the terms of a voting agreement (the *Voting Agreement*) entered into concurrently with the execution of the Merger Agreement, four of the executive officers who are also directors of ANFI and who own in the aggregate 2,557,380 shares of ANFI common stock have agreed to vote all of their shares in favor of the Merger and not to sell any of their outstanding ANFI shares other than shares relating to or obtained as the result of the exercise of ANFI options until the Merger has occurred or the Merger Agreement is terminated. On January 14, 2003, FNF entered into a written waiver with the ANFI holders party to the *Voting Agreement*, whereby FNF waived any rights it may have to enforce the transfer prohibition as it relates to the exercise of ANFI stock options and any subsequent sale of any shares of ANFI common stock received upon exercise. In this regard, two of the interested directors of ANFI on January 16 and 17, 2003 sold in the aggregate 170,700 shares of ANFI stock obtained as the result of their exercise of ANFI options in order to begin to reduce their outstanding options to acquire ANFI shares as required by the Merger Agreement and to diversify their own personal investment portfolios. The other interested directors similarly may exercise their ANFI options and sell the underlying ANFI shares prior to the consummation of the Merger for similar reasons.

***Share Ownership of FNF and Affiliates*** (Page 36)

As of January 9, 2003, FNF held 2,653,173 shares of ANFI common stock, or approximately 27.8% of the shares of ANFI common stock outstanding on December 31, 2002. As of October 23, 2002, William P. Foley II, a director of ANFI and the Chairman of the Board of Directors and Chief Executive Officer of FNF, held 556,805 shares of ANFI common stock, or approximately 5.8% of the shares of ANFI common stock outstanding on October 23, 2002. As of January 9, 2003, 3,469,810 shares of ANFI common stock, or approximately 36.3% of the shares of ANFI common stock outstanding on December 31, 2002, are subject to the *Voting Agreement* entered into by FNF and four executive officers of ANFI. After combining the shares of ANFI common stock subject to the *Voting Agreement* and the shares of ANFI common stock held by FNF and Mr. Foley, it is expected that at least 6,122,983, or approximately 64.1% of the outstanding shares of

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ANFI common stock as of December 31, 2002, will vote in favor of the Merger, assuring ANFI shareholder approval of the Merger Agreement and Merger.

### ***Recommendation to Shareholders*** (Page 37)

ANFI's Board of Directors believes that the Merger is fair to ANFI and to you as an ANFI shareholder and in your best interests, and by unanimous vote of the disinterested directors recommends that you vote **FOR** the proposal to approve and adopt the Merger Agreement.

### **Pending Litigation** (Page 54)

A lawsuit captioned *Schneider v. Fidelity National Financial, Inc., et. al.* (Case No. 03CC00017) was filed on January 17, 2003 in Orange County Superior Court naming as defendants FNF and the members of the Board of Directors of ANFI. The complaint seeks class action status and alleges breach of fiduciary duty in connection with the approval of the Merger by ANFI's directors. A second lawsuit captioned *Rossi v. Michael C. Lowther, et. al.* (Case No. 03CC0021) was filed on January 21, 2003 in the Orange County Superior Court naming as defendants FNF and the members of the Board of Directors of ANFI. Management of FNF and ANFI believe the lawsuits are without merit. A third lawsuit captioned *Miller v. Michael C. Lowther, et. al.*, (Case No. 03CC00018) was filed on January 17, 2003 in the Orange County Superior Court naming as defendants FNF and the members of the Board of Directors of ANFI.

## **The Merger**

FNF and ANFI have attached the Merger Agreement to this document as Appendix A. Please read the Merger Agreement. It is the legal document that governs the transaction.

### ***General*** (Page 38)

In the proposed Merger ANFI will be merged into a wholly-owned subsidiary of FNF, with such wholly-owned subsidiary emerging as the surviving corporation and as a wholly-owned subsidiary of FNF. At the completion of the Merger, the merger subsidiary's articles of incorporation, bylaws and directors, as in effect immediately prior to the Merger, will continue as the articles of incorporation, bylaws and directors of the surviving corporation. FNF and ANFI hope to complete the Merger by June 30, 2003.

### ***What ANFI Shareholders Will Receive*** (Page 38)

In the Merger, each share of ANFI common stock will be converted into the right to receive 0.454 shares of FNF common stock. In addition, ANFI shareholders will receive cash instead of any fractional shares of FNF common stock to which they are otherwise entitled.

### ***ANFI Stock Options; Warrants and Employee Stock Purchase Plan*** (Page 38)

Subject to certain limitations applicable to the senior executives of ANFI, when the Merger is completed, each unexercised option to buy ANFI common stock outstanding under ANFI's stock option plans and each warrant to purchase ANFI common stock will become an option or warrant to purchase FNF common stock. The number of shares of FNF common stock subject to each new option or warrant, as well as the exercise price of each new option or warrant, will be adjusted to reflect the exchange ratio. There will be no change in the vesting schedule applicable to any of the ANFI stock options or warrants.

All ANFI employees shall be eligible to become participants in FNF's employee stock purchase plan with credit for time of service with ANFI and credit for time of participation in the ANFI employee stock purchase plan for all purposes. All ANFI employees who are participants in ANFI's employee stock purchase plan at the effective time of the Merger shall automatically become participants in FNF's employee stock purchase plan, and ANFI's employee stock purchase plan will be terminated in accordance with its provisions.

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***Opinion of ANFI's Financial Advisors*** (Page 45)

Houlihan, Lokey, Howard & Zukin Financial Advisors, Inc. ( HLHZFA ) has delivered its written opinion dated January 9, 2003 to the Special Committee of the ANFI Board of Directors that, as of such date and based on the assumptions made, matters considered and limits of review stated therein, the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the Merger is fair to them from a financial point of view. A copy of the opinion delivered by HLHZFA is attached to this document as Appendix C. You should read this opinion in its entirety to understand the assumptions made, matters considered and limitations on the review undertaken by HLHZFA in providing its opinion.

***Certain U.S. Federal Income Tax Consequences of the Merger*** (Page 49)

Since the Merger is expected to qualify as a reorganization under Section 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended, the ANFI shareholders should not recognize any gain or loss on the receipt of shares of FNF common stock in exchange for shares of ANFI common stock in the Merger. However, ANFI shareholders may recognize gain or loss on the receipt of cash in lieu of a fractional share of FNF common stock. Because of the complexities of the tax laws, ANFI shareholders are advised to consult their own tax advisors concerning the applicable federal, state, local, foreign and other tax consequences resulting from the Merger.

***Regulatory Approvals Required for the Merger*** (Page 52)

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires us to furnish certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and requires a specified waiting period to expire or be terminated before the Merger can be completed. Even after the waiting period expires or terminates, the Antitrust Division of the Department of Justice and the Federal Trade Commission will have the authority to challenge the Merger on antitrust grounds before or after the Merger is completed. FNF and ANFI filed the antitrust notification and report forms on January 23, 2003. On February 10, 2003, FNF and ANFI were notified in writing by the Federal Trade Commission of the early termination of the required waiting period for the Merger, effective February 10, 2003. FNF and ANFI do not believe that additional regulatory filings will be required for consummation of the Merger and are in the process of confirming the same with authorities in the states of New York and California. Following the Merger, FNF believes preapproval regulatory filings will be necessary in connection with its currently planned conversion of ANFI's title and escrow operations to Ticor operations.

***Interests of Certain Persons in the Merger*** (Page 53)

Shareholders should note that some of ANFI's directors and executive officers and some of FNF's directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of ANFI and FNF stockholders generally.

***Appraisal Rights for Dissenting Shareholders*** (Appendix F)

If you are an ANFI shareholder, California law permits you to dissent from the Merger. If you dissent, the fair value of your ANFI stock may be determined by a court and paid to you in cash. To do this, you must follow certain procedures, including giving ANFI certain notices and voting your shares against the merger. Generally, under California law, because ANFI is listed on the National Market System of the NASDAQ Stock Market, you only have the right to receive the fair value of your shares as a dissenter if demands for payment are filed to the extent of five percent or more of the outstanding shares. In the event this occurs, FNF will not be required to complete the Merger. However, if FNF decides to complete the Merger, you will not receive any stock in FNF if you dissent and follow all of the required procedures. Instead, you will only receive the value of your shares as determined by a court. The value of your shares as determined by the court may be more or less than the value of the merger consideration. The relevant sections of California law governing this process are attached to this document as Appendix F.

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### ***Accounting Treatment*** (Page 55)

The Merger will be accounted for as a purchase in accordance with accounting principles generally accepted in the United States of America, which means that the assets and liabilities of ANFI not already owned by FNF will be recorded on the books of FNF at their fair values as of the acquisition date, with the excess of the purchase price, if any, allocated to goodwill.

### ***Conditions to Completion of the Merger*** (Page 60)

The completion of the Merger depends on the satisfaction or waiver of a number of conditions, including the following:

1. approval of the Merger by the holders of more than 50% of the shares of ANFI common stock outstanding on the record date;
2. the FNF shares of common stock to be issued in the Merger shall have been authorized for listing on the NYSE, subject to official notice of issuance;
3. approval of the Merger by certain federal regulatory authorities and the expiration of applicable waiting periods;
4. the absence of any legal action blocking, or threatening to block, the consummation of the Merger;
5. receipt by each of FNF and ANFI of legal opinions to the effect that the Merger will qualify as a reorganization within the meaning of Section 368 of the Internal Revenue Code;
6. the absence of a material adverse effect on FNF or ANFI from December 31, 2001, until the time of the Merger, other than effects caused by the Merger itself, changes in general economic conditions, securities market conditions, interest rate levels, or certain legal proceedings; and
7. less than three percent of the outstanding shares of ANFI common stock validly elect to exercise any appraisal rights they may have.

### ***Termination of the Merger Agreement*** (Page 62)

FNF and ANFI may mutually agree in writing to terminate the Merger Agreement at any time without completing the Merger, even after the shareholders of ANFI have approved the Merger.

In addition, either of FNF and ANFI can terminate the Merger Agreement at any time if:

1. the Merger has not been completed by June 30, 2003, which either of FNF or ANFI can extend for a maximum amount of an additional 60 days in order to obtain necessary governmental consents, including clearance under the Hart-Scott-Rodino Act;
2. the ANFI shareholders do not give the required approval;
3. the other company breaches or fails to perform any representation, warranty, covenant or agreement set forth in the Merger Agreement in a manner which would cause conditions to the Merger not to be satisfied, and such breach or failure to perform either cannot be cured or is not cured within a period of ten days after written notice; or
4. any legal restriction permanently restraining, enjoining or otherwise prohibiting completion of the merger has become final and non-appealable.

ANFI may also terminate the Merger at any time before the Merger is approved by the ANFI shareholders if its Board of Directors has determined that an alternative transaction with a third party is superior to the Merger and that ANFI should enter into an agreement relating to that transaction. However, ANFI must give FNF seven business days to match the third party's offer before ANFI can terminate the Merger Agreement.





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FNF may terminate the Merger Agreement if ANFI's Board of Directors fails to make, withdraws or adversely modifies its recommendation of the Merger Agreement or if ANFI's Board of Directors recommends any other acquisition proposal to the shareholders of ANFI. FNF may also terminate the Merger at any time before the Merger is approved by the ANFI shareholders if the ANFI Board of Directors has determined that an alternative transaction with a third party is superior to the Merger and that ANFI should enter into an agreement relating to that transaction. FNF has seven business days to determine whether it will match the terms of such alternative transaction.

### ***Termination Fee*** (Page 63)

ANFI shall pay to FNF a termination fee of \$2,780,000 if the Merger Agreement is terminated as follows:

the ANFI Board of Directors has authorized ANFI to enter into a binding agreement in connection with a superior proposal or has withdrawn or amended its recommendation of the Merger;

less than 50% of the outstanding common stock of ANFI is voted in favor of the Merger and there is a breach of the Voting Agreement or a member of the Board of Directors of ANFI fails to vote his or her shares in favor the Merger; or

FNF terminates the Merger Agreement because of ANFI's breach of its representations or warranties or failure to perform any of its obligations under the Merger Agreement and, within 12 months of termination, ANFI shall engage in any negotiations or discussions with any third party regarding an acquisition proposal.

### **Comparison of Rights of ANFI Shareholders and FNF Stockholders** (Page 69)

The rights of ANFI's shareholders are currently governed by ANFI's Articles of Incorporation, ANFI's Bylaws and the General Corporation Law of the State of California, whereas the rights of FNF stockholders are governed by FNF's Certificate of Incorporation, FNF's Bylaws and the Delaware General Corporate Law. Upon the completion of the Merger, ANFI shareholders will become stockholders of FNF, and therefore their rights will be governed by FNF's Certificate of Incorporation, FNF's Bylaws and the Delaware General Corporate Law. There are a number of differences between the Certificate of Incorporation and Bylaws of FNF and the Articles of Incorporation and Bylaws of ANFI, and between the Delaware General Corporate Law and the General Corporation Law of the State of California. These differences are discussed under the section entitled Comparative Rights of FNF and ANFI Stockholders.

## **Recent Developments**

In December, 2002, ANFI sold 322,318 shares of CKE Restaurant, Inc.'s common stock, which it had held for investment, and received \$1.2 million based upon an average price of \$3.78 per share, resulting in a pre-tax loss of \$1.8 million.

After FNF and ANFI announced the execution of the Merger Agreement, three putative class actions were filed in California against FNF and the directors of ANFI. These actions allege that the defendants have breached their fiduciary duties to ANFI's shareholders, by among other things, agreeing to inadequate and unfair merger terms whereby FNF will acquire the publicly held shares of ANFI. FNF and ANFI believe these lawsuits are without merit and intend to vigorously defend the cases. See The Merger Pending Litigation Shareholder Litigation beginning on page 55.

On January 29, 2003, FNF announced that it entered into a stock purchase agreement with ALLTEL Corporation, Inc., a Delaware corporation ( ALLTEL ), pursuant to which FNF will acquire from ALLTEL the financial services division of ALLTEL Information Services, Inc., an Arkansas corporation and wholly-owned subsidiary of ALLTEL ( AIS ). As a result of the acquisition, AIS will become a wholly owned subsidiary of FNF. The transaction is expected to close by the end of the first quarter of 2003. Under the terms of the stock purchase agreement, all of the issued and outstanding shares of AIS common stock, par value \$1.00 per share, will be purchased by FNF for \$775 million in cash and \$275 million in FNF common stock

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issued to ALLTEL, subject to a one-year lock-up agreement. Consummation of the acquisition is subject to customary closing conditions. In connection with the stock purchase agreement, prior to closing FNF and ALLTEL will enter into a stockholder's agreement, a non-competition agreement and certain other transition agreements. The stockholder's agreement will: (1) restrict the sale by ALLTEL of the FNF common stock received in the transaction for up to one year, (2) grant ALLTEL the right to designate one nominee to the FNF Board of Directors so long as ALLTEL continues to hold at least 50% of the shares of FNF common stock received in the acquisition, and (3) grant ALLTEL certain registration rights with respect to the FNF stock they receive in the areas of acquisition. The non-competition agreement will prohibit, with certain exceptions, ALLTEL and its affiliates for a period of two years from engaging in the business relating to the assets acquired by FNF in the transition.

Also on January 29, 2003, FNF issued a press release announcing its fourth quarter and 2002 year end earnings information. The earnings information is preliminary and subject to adjustment. In the release, FNF announced:

fourth quarter revenue of \$1.6 billion, compared with \$1.1 billion for the fourth quarter of 2001;

fourth quarter net earnings of \$174.9 million compared with \$92.3 million for the fourth quarter of 2001;

fourth quarter earnings per share of \$1.77 per diluted share, compared with \$0.95 per diluted share for the fourth quarter of 2001;

2002 revenue of \$5.1 billion, compared with \$3.9 billion for 2001;

2002 net earnings of \$531.7 million, compared with \$305.5 million for 2001; and

2002 net earnings per share of \$5.38 per diluted share, compared with \$3.15 per diluted share for 2001.

**Comparative Per Share Market Price Information**

The following table sets forth the high, low and closing prices per share of FNF common stock and ANFI common stock on the NYSE and Nasdaq National Market, respectively, on December 13, 2002, and February 18, 2003. December 13, 2002 was the last trading day before FNF and ANFI announced that they had executed a letter of intent to consummate the merger. February 18, 2003 was the last practicable trading day for which information was available prior to the date of this proxy statement/prospectus.

	FNF Common Stock			ANFI Common Stock		
	High	Low	Close	High	Low	Close
	(Dollars per share)			(Dollars per share)		
December 13, 2002	\$ 32.79	\$ 31.46	\$ 32.40	\$ 13.40	\$ 13.02	\$ 13.27
February 18, 2003	\$ 31.74	\$ 31.20	\$ 34.45	\$ 14.29	\$ 14.00	\$ 14.23

The market price of both FNF and ANFI common stock will fluctuate prior to the merger. No assurance can be given as to the future prices or markets for FNF common stock or ANFI common stock. You should obtain current stock price quotations for both FNF and ANFI common stock. Additional market price information is contained on page 34 under the heading "Market Price and Dividend Information."

**Table of Contents****Selected Consolidated Financial Data****(In thousands, except per share amounts)****Fidelity National Financial, Inc.**

The selected consolidated financial data of FNF as of and for the years ended December 31, 2001, 2000 and 1999 has been derived from the consolidated financial statements of FNF incorporated by reference herein which have been audited by KPMG LLP, independent auditors. The selected consolidated financial data as of and for the nine months ended September 30, 2002 and 2001 has been derived from unaudited consolidated financial statements filed with the SEC and incorporated by reference herein and include all adjustments (consisting of normal recurring accruals) which FNF considers necessary for a fair presentation of the consolidated financial position and results of operations. Operating results for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2002. This information is qualified in its entirety by, and should be read in conjunction with, FNF's consolidated financial statements, and the notes thereto, and Management's Discussion and Analysis of Results of Operations and Financial Condition which are included in reports filed by FNF with the SEC and are incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information. Share and per share data has been retroactively adjusted for stock dividends and splits since our inception, including the 10% stock dividend in May 2002. Certain reclassifications have been made to the prior year amounts to conform with the 2002 presentation.

	Year Ended December 31,			Nine Months Ended September 30,	
	2001(1)(2)	2000(3)	1999	2002	2001(2)
<b>(In thousands, except per share and other data)</b>					
<b>Operating Data:</b>					
Revenue:					
Title insurance premiums	\$2,694,479	\$1,946,159	\$ 939,452	\$2,408,416	\$1,901,980
Escrow and other title related fees	728,406	459,121	206,570	679,304	516,540
Real estate related services	287,063	166,718	67,844	308,183	195,598
Interest and investment income	93,105	87,392	28,695	59,023	72,096
Realized gains and (losses), net	6,349	(201)	3,350	9,195	8,024
Other income	64,705	82,805	109,943	28,550	47,792
	<u>3,874,107</u>	<u>2,741,994</u>	<u>1,355,854</u>	<u>3,492,671</u>	<u>2,742,030</u>
Expenses:					
Personnel costs	1,187,177	845,349	407,078	1,037,722	854,171
Other operating expenses	829,433	624,087	334,578	717,046	583,634
Agent commissions	1,098,328	884,498	423,675	1,020,936	766,605
Provision for claim losses	134,724	97,322	52,713	120,421	95,435
Amortization of cost in excess of net assets acquired	54,155	35,003	6,638		35,045
Interest expense	46,569	59,374	15,626	25,999	36,917
	<u>3,350,386</u>	<u>2,545,633</u>	<u>1,240,308</u>	<u>2,922,124</u>	<u>2,371,807</u>
Earnings before income taxes, minority interest and cumulative effect of a change in accounting principle	523,721	196,361	115,546	570,547	370,223
Income tax expense	209,488	86,624	46,065	205,397	148,088



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	Year Ended December 31,			Nine Months Ended September 30,	
	2001(1)(2)	2000(3)	1999	2002	2001(2)
(In thousands, except per share and other data)					
Earnings before minority interest and cumulative effect of a change in accounting principle	314,233	109,737	69,481	365,150	222,135
Minority interest	3,048	1,422	(1,372)	8,368	3,230
Earnings before cumulative effect of a change in accounting principle	311,185	108,315	70,853	356,782	218,905
Cumulative effect of a change in accounting principle, net of income taxes	(5,709)				(5,709)
Net earnings	\$ 305,476	\$ 108,315	\$ 70,853	\$ 356,782	\$ 213,196
<b>Per Share Data:</b>					
Basic earnings per share before cumulative effect of a change in accounting principle	\$ 3.31	\$ 1.52	\$ 1.96	\$ 3.74	\$ 2.33
Cumulative effect of a change in accounting principle	(.06)				(.06)
Basic net earnings per share	\$ 3.25	\$ 1.52	\$ 1.96	\$ 3.74	\$ 2.27
Weighted average shares outstanding, basic basis	94,048	71,173	36,092	95,276	93,885
Diluted earnings per share before cumulative effect of a change in accounting principle	\$ 3.21	\$ 1.47	\$ 1.87	\$ 3.61	\$ 2.26
Cumulative effect of a change in accounting principle	(.06)				(.06)
Diluted net earnings per share	\$ 3.15	\$ 1.47	\$ 1.87	\$ 3.61	\$ 2.20
Weighted average shares outstanding, diluted basis	96,865	73,733	37,916	98,762	96,710
Dividends declared per share	\$ .34	\$ .32	\$ .25	\$ .31	\$ .25
<b>Balance Sheet Data:</b>					
Investments(4)	\$ 1,823,312	\$ 1,685,331	\$ 506,916	\$ 2,452,580	\$ 1,850,388
Cash and cash equivalents(5)	542,620	262,955	38,569	549,753	476,773
Total assets	4,415,998	3,833,985	1,042,546	5,196,785	4,326,596
Notes payable	565,690	791,430	226,359	513,856	611,150
Reserve for claim losses	881,053	907,482	239,962	892,675	891,430
Minority interests and preferred stock of subsidiary	47,166	5,592	4,613	115,561	40,627
Stockholders equity	1,638,870	1,106,737	432,494	2,107,113	1,583,831

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	Year Ended December 31,			Nine Months Ended September 30,	
	2001(1)(2)	2000(3)	1999	2002	2001(2)
(In thousands, except per share and other data)					
<b>Other Data:</b>					
Orders opened by direct operations	2,635,200	1,352,000	743,000	2,234,500	1,848,000
Orders closed by direct operations	1,770,600	971,000	551,000	1,537,800	1,236,100
Provision for claim losses to title insurance premiums	5.0%	5.0%	5.6%	5.0%	5.0%
Title related revenue(6):					
Percentage direct operations	59.0%	52.8%	53.6%	57.9%	59.4%
Percentage agency operations	41.0%	47.2%	46.4%	42.1%	40.6%

- (1) FNF's financial results for the year ended December 31, 2001 include the results of the former operations of Vista Information Solutions, Inc. ( Vista ) for the period from August 1, 2001, the acquisition date, through December 31, 2001
- (2) During 2001, FNF recorded a \$5.7 million, after-tax charge, reflected as a cumulative effect of a change in accounting principle, as a result of adopting 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).
- (3) FNF's financial results for the year ended December 31, 2000 include the operations of Chicago Title Corporation for the period from March 20, 2000, the merger date, through December 31, 2000.
- (4) Investments as of December 31, 2001 and 2000 and September 30, 2002 and 2001 include securities pledged to secure trust deposits of \$319.1 million, \$459.4 million, \$463.2 million and \$365.0 million, respectively.
- (5) Cash and cash equivalents as of December 31, 2001 and 2000 and September 30, 2002 and 2001 include cash pledged to secure trust deposits of \$367.9 million, \$132.1 million, \$395.0 million and \$322.5 million, respectively.
- (6) Includes title insurance premiums and escrow and other title related fees.

**Table of Contents****Selected Quarterly Financial Data**

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	June 30,(3)	September 30,	December 31,
	(In thousands, except per share data) (Unaudited)			
<b>2001(1)</b>				
Revenue	\$ 777,864	\$ 961,548	\$ 1,002,618	\$ 1,132,077
Earnings before income taxes, minority interest and cumulative effect of a change in accounting principle	78,140	153,049	139,034	153,498
Net earnings	44,992	84,122	84,082	92,280
Basic earnings per share	.49	.89	.89	.98
Diluted earnings per share	.47	.87	.86	.95
Dividends paid per share	.08	.08	.08	.09
<b>2000(2)</b>				
Revenue	\$ 377,657	\$ 757,642	\$ 790,103	\$ 816,592
Earnings before income taxes and minority interest	7,190	60,716	64,058	64,397
Net earnings	1,869	31,371	37,570	37,505
Basic earnings per share	.05	.39	.46	.45
Diluted earnings per share	.05	.37	.45	.44
Dividends paid per share	.08	.08	.08	.08

- (1) FNF's financial results for the year ended December 31, 2001 include the results of the former operations of Vista for the period from August 1, 2001, the acquisition date, through December 31, 2001.
- (2) FNF's financial results for the year ended December 31, 2000 include the operations of Chicago Title Corporation for the period from March 20, 2000, the merger date, through December 31, 2000.
- (3) In the second quarter of 2001, FNF recorded a \$5.7 million, after-tax charge, reflected as a cumulative effect of a change in accounting principle, as a result of adopting EITF 99-20.



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In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ( SFAS No. 142 ). SFAS No. 142 requires that an intangible asset that is acquired shall be initially recognized and measured based on its fair value. The statement also provides that goodwill should not be amortized, but shall be tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. Existing goodwill was amortized through 2001, after which time amortization ceased. FNF completed the transitional goodwill impairment test as of the adoption date on its reporting units and has determined that each of its reporting units has a fair value in excess of its carrying amount. Accordingly, no goodwill impairment has been recorded.

Beginning on January 1, 2002, FNF ceased recording goodwill amortization in accordance with SFAS No. 142. The following table reconciles reported net earnings and net earnings per share to adjusted net earnings and net earnings per share.

	Year Ended December 31,			Nine Months Ended September 30,	
	2001	2000	1999	2002	2001
Reported net earnings	\$ 305,476	\$ 108,315	\$ 70,853	\$ 356,782	\$ 213,196
Add back: Amortization of cost in excess of net assets acquired	54,155	35,003	6,638		35,045
Add back: Tax effect of amortization of cost in excess of net assets acquired	(1,062)	(838)			(815)
Adjusted net earnings	\$ 358,569	\$ 142,480	\$ 77,491	\$ 356,782	\$ 247,426
Basic Earnings Per Share:					
Reported net earnings	\$ 3.25	\$ 1.52	\$ 1.96	\$ 3.74	\$ 2.27
Amortization of cost in excess of net assets acquired	0.57	0.49	0.19		0.37
Tax effect of amortization of cost in excess of net assets acquired	(0.01)	(0.01)			
Adjusted net earnings per share basic	\$ 3.81	\$ 2.00	\$ 2.15	\$ 3.74	\$ 2.64
Diluted Earnings Per Share:					
Reported net earnings	\$ 3.15	\$ 1.47	\$ 1.87	\$ 3.61	\$ 2.20
Amortization of cost in excess of net assets acquired	0.56	0.47	0.17		0.36
Tax effect of amortization of cost in excess of net assets acquired	(0.01)	(0.01)			
Adjusted net earnings per share diluted	\$ 3.70	\$ 1.93	\$ 2.04	\$ 3.61	\$ 2.56

**Table of Contents****ANFI, Inc.**

The selected consolidated financial data of ANFI as of and for the years ended December 31, 2001, 2000 and 1999 has been derived from the consolidated financial statements of ANFI included in Appendix D to this proxy statement/ prospectus which have been audited by KPMG LLP, independent auditors. The selected consolidated financial data as of and for the nine months ended September 30, 2002 and 2001 has been derived from unaudited consolidated financial statements filed with the SEC and included in Appendix E to this proxy statement/ prospectus and include all adjustments (consisting of normal recurring accruals) which ANFI considers necessary for a fair presentation of the consolidated financial position and results of operations. Operating results for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2002. This information is qualified in its entirety by, and should be read in conjunction with, ANFI's consolidated financial statements, and the notes thereto, and Management's Discussion and Analysis of Results of Operations and Financial Condition which are included in Appendices D and E to this proxy statement/ prospectus. Certain reclassifications have been made to ANFI's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 to conform with the September 30, 2002 presentation. In addition, transitional disclosures required under Statement of Financial Accounting Standards No. 142,

Goodwill and Other Intangible Assets, paragraph 61, have been added and all data with respect to earnings per share, dividends per share and share information, including price per share where applicable, have been retroactively adjusted to reflect the effect of the five-for-four (25%) stock split declared by ANFI's Board of Directors on June 27, 2002, and effective July 18, 2002. See Where You Can Find More Information. Per and share data has been retroactively adjusted for stock dividends and splits since our inception. Certain reclassifications have been made to prior year amounts to conform with the 2002 presentation.

	Years Ended December 31,			Nine Months Ended September 30,	
	2001	2000	1999	2002	2001
(Amounts in thousands, other than earnings per share, order and fee per file data)					
<b>Balance Sheet Data:</b>					
Cash and short term investments	\$ 10,018	\$ 9,865	\$ 4,875	\$ 18,948	\$ 12,617
Investments	24,721	10,533	14,022	26,620	17,684
Total assets	66,653	53,341	47,324	83,456	62,038
Due to affiliate and capital leases with affiliates	3,536	3,230	1,642	3,521	3,131
Shareholders' equity	35,913	31,977	32,031	49,169	33,033
<b>Statement of Operations Data:</b>					
Net title service revenue - related party	\$ 76,435	\$ 44,144	\$ 51,899	\$ 75,320	\$ 54,062
Escrow fees	32,176	21,969	25,190	30,692	23,335
Underwriting premiums	8,890	3,461	452	13,763	5,698
Ancillary service fees	17,080	12,684	11,362	15,547	12,717
Gain (loss) on sale/exchange of equity security	1,001	(134)		2,461	1,003
Investment revenue	1,267	1,047	930	1,137	910
<b>Total revenue</b>	<b>136,849</b>	<b>83,171</b>	<b>89,833</b>	<b>138,920</b>	<b>97,725</b>
Personnel costs	73,909	51,189	54,277	70,338	53,238
Other operating expenses	35,233	23,245	19,759	35,259	24,247
Title plant rent and maintenance	7,946	5,322	6,264	6,457	5,748
<b>Total expenses</b>	<b>117,088</b>	<b>79,756</b>	<b>80,300</b>	<b>112,054</b>	<b>83,233</b>
Earnings before income taxes	19,761	3,415	9,533	26,866	14,492
Income taxes	8,497	1,400	3,908	11,015	5,991
<b>Net earnings</b>	<b>\$ 11,264</b>	<b>\$ 2,015</b>	<b>\$ 5,625</b>	<b>\$ 15,851</b>	<b>\$ 8,501</b>



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	Years Ended December 31,			Nine Months Ended September 30,	
	2001	2000	1999	2002	2001
(Amounts in thousands, other than earnings per share, order and fee per file data)					
<b>Per Share Data:</b>					
Earnings per share:					
Basic	\$ 1.20	\$ .20	\$ .60	\$ 1.73	\$ 0.89
Diluted	1.09	.20	.59	1.50	0.82
Weighted average common shares outstanding:					
Basic	9,386	10,085	9,445	9,147	9,568
Diluted	10,295	10,085	9,485	10,584	10,399
Dividends declared per share	\$ 0.34	\$ 0.28	\$ 0.28	\$ 0.325	\$ 0.305
<b>Other Operating Data:</b>					
Gross title insurance premiums	\$ 88,391	\$ 51,113	\$ 58,370	\$ 98,344	\$ 66,430
Orders opened	210,000	111,000	119,000	189,600	146,600
Orders closed	127,000	73,200	88,900	123,300	90,450
Average fee per file(1)	\$ 848	\$ 1,109	\$ 940	\$ 971	\$ 919

- (1) Average fee per file information for American Title Company, Pioneer Land Title Corporation and National Title Insurance of New York, Inc. direct branches consists of gross title insurance premiums, escrow fees and other title-related fees divided by the number of closed files (not including revenue generated by ANFI's STAR Product, which are excluded due to the abbreviated characteristics of the policy). In addition, non title-related revenues and investment income are excluded as there are no associated closed files.

**Quarterly Financial Data**

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
(In thousands, except share data) (Unaudited)				
<b>2001</b>				
Revenue	\$28,470	\$35,516	\$33,738	\$39,125
Earnings before income taxes	3,830	5,769	4,892	5,270
Net earnings, basic and diluted basis	2,260	3,404	2,837	2,763
Basic earnings per share	.22	.35	.32	.31
Diluted earnings per share	.21	.33	.29	.28
Dividends paid per share	.07	.07	.10	.10
<b>2000</b>				
Revenue	\$17,689	\$20,916	\$21,762	\$22,804
Earnings (loss) before income taxes	(563)	1,089	1,384	1,505
Net earnings (loss), basic and diluted basis	(332)	643	817	887
Basic earnings (loss) per share	(.03)	.06	.08	.09
Diluted earnings (loss) per share	(.03)	.06	.08	.09
Dividends paid per share	.07	.07	.07	.07

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In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ( SFAS No. 142 ). SFAS No. 142 requires that an intangible asset that is acquired shall be initially recognized and measured based on its fair value. The statement also provides that goodwill should not be amortized, but shall be tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. Existing goodwill was amortized through 2001, after which time amortization ceased. ANFI completed the transitional goodwill impairment test as of the adoption date and has determined that there has been no impairment of goodwill.

Beginning on January 1, 2002, ANFI ceased recording goodwill amortization in accordance with SFAS No. 142. The following table reconciles reported net earnings and net earnings per share to adjusted net earnings and net earnings per share.

	Year Ended December 31,			Nine Months Ended September 30,	
	2001	2000	1999	2002	2001
Reported net earnings	\$ 11,264	\$ 2,015	\$ 5,625	\$ 15,851	\$ 8,501
Add back: Amortization of cost in excess of net assets acquired	551	512	201		420
Add back: Tax effect of amortization of cost in excess of net assets acquired					
Adjusted net earnings	\$ 11,815	\$ 2,527	\$ 5,826	\$ 15,851	\$ 8,921
Basic Earnings Per Share:					
Reported net earnings	\$ 1.20	\$ 0.20	\$ 0.60	\$ 1.73	\$ 0.89
Amortization of cost in excess of net assets acquired	0.06	0.05	0.02		0.04
Tax effect of amortization of cost in excess of net assets acquired					
Adjusted net earnings per share basic	\$ 1.26	\$ 0.25	\$ 0.62	\$ 1.73	\$ 0.93
Diluted Earnings Per Share:					
Reported net earnings	\$ 1.09	\$ 0.20	\$ 0.59	\$ 1.50	\$ 0.82
Amortization of cost in excess of net assets acquired	0.06	0.05	0.02		0.04
Tax effect of amortization of cost in excess of net assets acquired					
Adjusted net earnings per share diluted	\$ 1.15	\$ 0.25	\$ 0.61	\$ 1.50	\$ 0.86

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The following table sets forth certain information regarding FNF's and ANFI's earnings, dividends and book value per share on a historical basis, on a pro forma combined basis and on an equivalent pro forma basis. The information set forth below should be read in conjunction with the historical consolidated financial statements of FNF and ANFI, including the notes thereto, incorporated by reference or appearing elsewhere in this proxy statement/prospectus. See "Unaudited Pro Forma Condensed Combined Financial Information" and "Where You Can Find More Information." The unaudited pro forma combined data below is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on this information as indicative of the historical results that would have been achieved had the companies always been combined or the future results that FNF will experience after the Merger.

Set forth below are net income, cash dividends and book value per common share amounts for FNF and ANFI on a historical basis, for FNF on a pro forma combined basis, and on a pro forma combined basis per ANFI-equivalent-common-share. The exchange ratio is 0.454 of one share of FNF common stock for each share of ANFI common stock.

The FNF pro forma combined data was derived by combining the adjusted historical consolidated financial information of FNF and ANFI using the purchase method of accounting for business combinations as described under Unaudited Pro Forma Combined Financial Statements.

The ANFI equivalent-common-share pro forma information shows the effect of the Merger from the perspective of an owner of ANFI common stock. The information was computed by multiplying the FNF pro forma information by the exchange ratio of 0.454.

	<u>FNF Historical</u>	<u>ANFI Historical</u>	<u>Pro Forma Combined(1)</u>	<u>Equivalent Pro Forma Amount Per Share of ANFI(2)</u>
<b>As of and for the Nine Months Ended September 30, 2002</b>				
Basic net income per share of common stock from continuing operations	\$ 3.74	\$ 1.73	\$ 3.78	\$ 1.72
Diluted net income per share of common stock from continuing operations	\$ 3.61	\$ 1.50	\$ 3.63	\$ 1.65
Book value per share of common stock	\$22.03	\$5.17	\$22.67	\$10.23
Cash dividends declared per share of common stock	\$ 0.31	\$0.33	\$ 0.31	\$ 0.14
<b>As of and for the Year Ended December 31, 2001</b>				
Basic net income per share of common stock from continuing operations	\$ 3.31	\$ 1.20	\$ 3.26	\$ 1.48
Diluted net income per share of common stock from continuing operations	\$ 3.21	\$ 1.09	\$ 3.14	\$ 1.43
Book value per share of common stock	\$17.39	\$4.05	N/A	N/A
Cash dividends declared per share of common stock	\$ 0.34	\$0.34	N/A	N/A

(1) The Pro Forma combined Per Share Data assumes the issuance of approximately 3,181,380 shares of FNF common stock to effect the Merger based on the number of ANFI shares outstanding at January 9, 2003 (0.454 shares of FNF common stock for each share of ANFI common stock). See Note 1 of Notes to Unaudited Pro Forma Condensed Combined Financial Statements.

(2) The Equivalent Pro Forma Amount per share of ANFI represents the equivalent amounts per share that a holder of ANFI common stock would receive, determined by multiplying the Pro Forma amounts by 0.454.

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**RISK FACTORS**

You should carefully consider the following factors, in addition to the other information included elsewhere in this proxy statement/prospectus and the documents that FNF has filed with the SEC, in considering what action to take in connection with approval of the Merger. Unless the context requires otherwise, the use of the term **combined company** refers to the combined company of FNF and ANFI after giving effect to the Merger.

**Risks Related to the Merger**

**Because the number of FNF shares of common stock that ANFI shareholders will receive in the Merger is fixed, the value of FNF common stock at the time the ANFI shareholders receive them could be less than their value at the time of ANFI special meeting.**

In the Merger, each ANFI share will be converted into the right to receive 0.454 shares of FNF common stock. The Merger Agreement does not provide for an adjustment in the exchange ratio even if there is a decrease in the market price of FNF common stock between the date of this proxy statement/prospectus and the effective date of the Merger. At the time of the ANFI special meeting, ANFI shareholders will not know the exact value of the FNF common stock that they will receive when the Merger is completed. The market price of FNF common stock when the Merger takes place may vary from its price at the date of this document and at the date of the special meetings and thereafter. Such variations in the market price of FNF common stock may result from changes in the business, operations or prospects of ANFI, FNF or the combined company, market assessments of the likelihood that the Merger will be consummated and the timing thereof, regulatory considerations, general market and economic conditions and other factors.

We urge you to obtain current market quotations for FNF common stock and ANFI common stock.

**The actual tax treatment of the Merger may differ from the tax treatment FNF and ANFI expect to receive.**

The Merger Agreement provides that the obligations of the parties to complete the Merger are conditioned upon the receipt as of the time of the Merger by ANFI of an opinion of Stradling Yocca Carlson & Rauth, counsel to FNF, to the effect that, on the basis of facts, representations and reasonable assumptions set forth in the opinion and subject to the qualifications discussed below, for United States federal income tax purposes, the Merger will be treated as a **reorganization** within the meaning of Section 368 of the Internal Revenue Code.

The Merger Agreement provides that the obligations of the parties to complete the Merger are conditioned upon the receipt as of the time of the Merger by FNF of an opinion of Stradling Yocca Carlson & Rauth (or other counsel acceptable to FNF) to the effect that, on the basis of facts, representations and reasonable assumptions set forth in the opinion and subject to the qualifications discussed below, for United States federal income tax purposes, the Merger will be treated as a **reorganization** within the meaning of Section 368 of the Internal Revenue Code.

In rendering the tax opinion with respect to the matters described above and as to the accuracy of the discussion of certain United States federal income tax consequences of the Merger herein, counsel will rely upon, and will assume as accurate and correct (without any independent investigation) certain representations as to factual matters contained in certificates delivered by ANFI and FNF. If such representations as to factual matters are inaccurate, the opinion could be adversely affected. The tax opinion will represent tax counsel's best judgment as to the tax treatment of the Merger, but will not be binding on the IRS, and the companies cannot assure you that the IRS will not contest the conclusions expressed therein. If, contrary to the conclusions reached in the opinion of tax counsel, the Merger is not treated as a reorganization within the meaning of Section 368 of the Internal Revenue Code, the Merger will be fully taxable to ANFI and the ANFI shareholders.

**Difficulties associated with integrating FNF and ANFI could affect the combined company's ability to realize cost savings.**

FNF and ANFI expect the combined company to realize cost savings and other financial and operating benefits from the Merger, but there can be no assurance regarding when or the extent to which the combined

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company will be able to realize these benefits. Difficulties associated with integrating FNF and ANFI would have an adverse effect on the combined company's ability to realize the expected financial and operational benefits of the Merger.

### **Insurance regulators may not approve FNF's plans to convert ANFI's title and escrow operations to Ticor operations.**

One of FNF's reasons for seeking to acquire ANFI is its expectation that the Merger will result in synergies for the combined company's operations, including the decision to change the name of ANFI to Ticor, one of FNF's existing title insurance brands, following the Merger to enable FNF to further develop and expand the Ticor brand. Following the Merger, FNF intends to seek the approval of insurance regulatory authorities in New York and California for the conversion of ANFI's title and escrow operations to Ticor operations. While FNF has no reason to believe that it will not be granted regulatory approval for the conversion, FNF cannot assure you that such approval will be obtained.

### **The price of FNF's common stock may fluctuate rapidly and prevent stockholders from selling their stock at a profit.**

The market price of FNF's common stock could fluctuate rapidly and affect the amount of profit, if any, which stockholders may realize from the sale of FNF common stock. Since January 1, 2002 and through January 21, 2003 the market price has ranged from a low of \$21.70 per share to a high of \$34.68 per share. Fluctuations may occur, among other reasons, in response to:

operating results;

announcements by FNF or its competitors;

regulatory changes;

economic changes;

general market conditions; and

other risk factors described in this proxy statement/prospectus.

The trading price of FNF's common stock could continue to be subject to wide fluctuations in response to the factors set forth above and other factors, many of which are beyond FNF's control. The stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. You should consider the likelihood of these market fluctuations before voting to approve the Merger pursuant to which you will receive FNF stock.

### **The sale of a substantial amount of FNF common stock after the Merger could adversely affect the market price of FNF common stock.**

All of the shares of FNF common stock that ANFI shareholders receive in the Merger may be sold immediately, except possibly some of the shares received by affiliates of ANFI within the meaning of Rule 145 of the Securities Act of 1933. Substantially all of the outstanding shares of FNF common stock are freely tradable (subject to certain Rule 144 restrictions in the case of FNF affiliates). The sale of a substantial amount of FNF common stock after the Merger could adversely affect its market price. It could also impair FNF's ability to raise money through the sale of more stock or other forms of capital. In addition, the sale of authorized but unissued shares of FNF common stock by FNF after the Merger could adversely affect its market price. Based on assumptions set forth in the Unaudited Pro Forma Combined Financial Statements, it is expected that there will be approximately 99,379,000 shares of FNF common stock outstanding after the Merger, excluding FNF shares held as treasury stock and FNF shares issuable upon the exercise of outstanding options and warrants.

## **Risks Related to FNF**

**FNF's revenues may decline during periods when the demand for FNF's products and services 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

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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. However, beginning in December 2000 and continuing through the fourth quarter of 2002, interest rates have been reduced by 525 basis points, bringing interest rates down to their lowest level in recent history, which again has significantly increased the volume of refinance activity.

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.

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

**As a holding company, FNF depends on distributions from its subsidiaries, and if distributions from its subsidiaries are materially impaired, FNF's ability to declare and pay dividends may be adversely affected.**

FNF is a holding company whose primary assets are the securities of its operating subsidiaries. FNF's ability to pay dividends is dependent on the ability of its subsidiaries to pay dividends or repay funds to FNF. If FNF's operating subsidiaries are not able to pay dividends or repay funds to FNF, FNF may not be able to declare and pay dividends to you.

FNF's 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 FNF. During 2001, approximately 91.4% of FNF's year-to-date revenues was derived from subsidiaries engaged in these regulated businesses. Compliance with these laws will limit the amounts FNF's regulated subsidiaries can dividend to FNF. During 2002, FNF's title insurance subsidiaries could pay dividends or make other distributions to FNF of \$114.3 million.

**FNF's entering into new business lines subjects it to associated risks, such as the diversion of management attention, difficulty integrating operations and lack of experience in operating such businesses.**

FNF has acquired, and may in the future acquire, businesses in industries with which management is less familiar than FNF is with the title insurance industry. For example, on January 28, 2003, FNF entered into a stock purchase agreement with ALLTEL Corporation whereby FNF will acquire from ALLTEL Corporation the financial services division, ALLTEL Information Services, Inc. Also, in the last three years, FNF has expanded the range and amount of real estate related services it provides, began underwriting home warranty policies, invested in restaurant businesses, expanded its commercial title insurance business and considered acquiring underwriters of other lines of insurance products. These activities involve risks that could adversely affect FNF's 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 FNF may encounter managing its growth could adversely affect its results of operations.**

FNF has historically achieved growth through a combination of developing new products and services, increasing its market share for existing products, and acquisitions. Part of its strategy is to pursue opportunities

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to diversify and expand its operations by acquiring or making investments in other companies. The success of each acquisition will depend upon:

FNF's ability to integrate the acquired business' operations, products and personnel;

FNF's ability to retain key personnel of the acquired businesses; and

FNF's ability to expand its financial and management controls and reporting systems and procedures.

**FNF's subsidiaries that engage in insurance related businesses must comply with additional regulations. These regulations may impede, or impose burdensome conditions on, FNF's rate increases or other actions that FNF might want to take to increase the revenues of its subsidiaries.**

FNF's title insurance business is subject to extensive regulation by state insurance authorities in each state in which it operates. 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 FNF with respect to acquisitions, changes of control and the terms of transactions with its affiliates. These regulations may impede or impose burdensome conditions on FNF's rate increases or other actions that FNF may want to take to enhance its operating results, and could affect its ability to pay dividends on its common stock. In addition, FNF may incur significant costs in the course of complying with regulatory requirements. FNF cannot assure you that future legislative or regulatory changes will not adversely affect its business operations.

**FNF faces competition in its industry from traditional title insurers and from new entrants with alternative products.**

The title insurance industry is highly competitive. According to Corporate Development Services, the top five title insurance companies accounted for 88% of net premiums collected in 2001. Over 40 independent title insurance companies accounted for the remaining 12% of the market. The number and size of competing companies varies in the different geographic areas in which FNF conducts its business. In FNF's 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 FNF competes. 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 FNF does and possess other competitive advantages. Competition among the major title insurance companies, expansion by smaller regional companies and any new entrants with alternative products could affect FNF's business operations and financial condition.



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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

FNF and ANFI are providing the following Unaudited Pro Forma Condensed Combined Financial Information to give you a better picture of what the results of operations and financial position of FNF might have been had the Merger been completed at an earlier date. The Unaudited Pro Form Condensed Combined Statements of Earnings for the nine months ended September 30, 2002 and the year ended December 31, 2001 give effect to the Merger as if it had been completed on January 1, 2002 and 2001, respectively. The Unaudited Condensed Combined Balance Sheet as of September 30, 2002 gives effect to the Merger as if it had been completed on that date.

As of January 9, 2003, FNF owned approximately 28% of ANFI's outstanding common stock and accounts for ANFI under the equity method of accounting. Accordingly, FNF does not have a controlling financial interest in ANFI.

The acquisition of the noncontrolling equity interest (72%) of ANFI will be accounted for under the purchase method of accounting in accordance with Financial Accounting Standards Board Statement No. 141, *Business Combinations* (SFAS 141). Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is created to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired. FNF has not yet completed its analysis of the fair value of the net identifiable assets to be acquired, which includes, among other things, estimating the fair value of ANFI's property and equipment, title plants, operating leases and backlog of open orders. Based on the information currently available, the Merger is expected to initially create approximately \$117.0 million in goodwill. The actual goodwill arising from the Merger will be based on the merger consideration, including certain acquisition and closing costs, the fair values of assets and liabilities on the date the Merger is consummated, and the fair value of FNF options exchanged for outstanding ANFI options in accordance with FASB Interpretation 44 (FIN 44). No assurance can be given that the actual goodwill amount arising from the Merger will not be more or less than the amount contemplated in the Unaudited Pro Forma Condensed Combined Financial Information. In accordance with Financial Accounting Standards Board Statement No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), goodwill will be initially recognized and measured based on its fair value and will not be amortized, but tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount.

FNF and ANFI have prepared the Unaudited Pro Forma Condensed Financial Information based on available information, using assumptions that their respective management believes are reasonable. The Unaudited Pro Forma Condensed Combined Financial Information is being provided for informational purposes only. It does not purport to represent FNF's actual financial position or results of operations had the Merger occurred on the dates specified nor does it project FNF's results of operations or financial position for any future period or date.

The Unaudited Pro Forma Condensed Combined Statements of Earnings do not reflect any adjustment for nonrecurring items or operating synergies arising as a result of the Merger. See Notes to Unaudited Pro Forma Condensed Combined Financial Information. In addition, pro forma adjustments are based on certain assumptions and other information that are subject to change as additional information becomes available. Accordingly, the adjustments included in our financial statements published after completion of the Merger will vary from the adjustments included in the Unaudited Pro Forma Condensed Combined Financial Information included herein. In accordance with FIN 44, unearned compensation cost is recorded upon consummation of the Merger for a portion of the intrinsic value of the unvested FNF options that will be exchanged for unvested ANFI options. The unearned compensation cost will be recognized over the remaining vesting period as a non-cash charge. Based on the FNF closing stock price on January 9, 2003 of \$34.44, the after tax unearned compensation cost is estimated to be \$2.4 million. The amount of the non-cash charge resulting from the exchange of unvested FNF options for unvested ANFI options will ultimately be determined based upon the number of unvested options outstanding as of the date the Merger is consummated and the stock price of FNF on that date.

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The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with FNF's and ANFI's audited and unaudited historical financial information and related notes, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations included herein and incorporated by reference herein. FNF and ANFI's share and per share data for the year ended December 31, 2001 has been retroactively adjusted for FNF's 10% stock dividend in May 2002 and ANFI's five-for-four (25%) stock split in July 2002. In addition, certain reclassifications have been made to both FNF and ANFI's prior year amounts to conform with their respective 2002 presentation. Additional reclassifications have been made to ANFI's financial information to conform with FNF's financial information presentation. See Where You Can Find More Information.

**Table of Contents****FIDELITY NATIONAL FINANCIAL, INC.****UNAUDITED PRO FORMA COMBINED BALANCE SHEET**

September 30, 2002

	FNF Historical	ANFI Historical	Combined	Pro Forma Adjustments	Pro Forma
(In thousands)					
<b>ASSETS</b>					
Investments:					
Fixed maturities available for sale at fair value at September 30, 2002 includes \$186,260 of pledged FNF fixed maturity securities related to secured trust deposits	\$ 1,243,612	\$ 25,331	\$ 1,268,943		\$ 1,268,943
Equity securities, at fair value	88,779	1,289	90,068		90,068
Other long-term investments	34,456		34,456	(21,461)(2),(3)	12,995
Settlement of investments, at September 30, 2002 includes \$73,048 of pledged FNF investments related to secured trust deposits	215,921		215,921		215,921
Short-term investments, at September 30, 2002 includes \$394,973 of pledged FNF cash related to trust deposits	869,812	1,290	871,102		871,102
<b>Total investments</b>	<b>2,452,580</b>	<b>27,910</b>	<b>2,480,490</b>	<b>(21,461)</b>	<b>2,459,029</b>
Cash and cash equivalents, at September 30, 2002 includes \$394,973 of pledged FNF cash related to secured trust deposits	549,753	17,658	567,411		567,411
Leases and residual interests in securitizations	141,714		141,714		141,714
Trade receivables, net	181,208	4,174	185,382		185,382
Notes receivable, net (related party \$6,426 in 2002)	17,775		17,775		17,775
Cost in excess of net assets acquired, net	947,275	11,226	958,501	105,740(2),(4)	1,064,241
Prepaid expenses and other assets	365,996	2,844	368,840	(2,776)(2),(5)	366,064
Title plants	275,988	4,132	280,120	(1,100)(2),(6)	279,020
Property and equipment, net	165,376	10,315	175,691		175,691
Deferred tax asset	99,120	5,197	104,317		104,317
	<b>\$ 5,196,785</b>	<b>\$ 83,456</b>	<b>\$ 5,280,241</b>	<b>\$ 80,403</b>	<b>\$ 5,360,644</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 606,395	\$ 20,217	\$ 626,612		\$ 626,612
Notes payable	513,856	2,860	516,716	(745)(2),(6)	515,971
Reserve for claim losses	892,675	5,494	898,169		898,169
Secured trust deposits	855,876		855,876		855,876
Due to affiliate		2,776	2,776	(2,776)(2),(5)	
Income taxes payable	105,309	2,940	108,249		108,249

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	2,974,111	34,287	3,008,398	(3,521)	3,004,877
Minority interests and preferred stock of subsidiary	115,561		115,561		115,561
Stockholders' equity:					
Preferred stock					
Common stock	10		10		10
Additional paid-in capital	1,542,118	23,442	1,565,560	113,440(1)	1,679,000
Retained earnings	575,165	26,578	601,743	(26,578)(1)	575,165
Accumulated other comprehensive earnings	17,970	(851)	17,119	851(1)	17,970
Unearned compensation				(3,789)(1)	(3,789)
Treasury stock	(28,150)		(28,150)		(28,150)
	<u>2,107,113</u>	<u>49,169</u>	<u>2,156,282</u>	<u>83,924</u>	<u>2,240,206</u>
	<u>\$5,196,785</u>	<u>\$83,456</u>	<u>\$5,280,241</u>	<u>\$ 80,403</u>	<u>\$5,360,644</u>

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.



**Table of Contents****FIDELITY NATIONAL FINANCIAL, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS****For the Nine Months Ended September 30, 2002**

	<b>FNF Historical</b>	<b>ANFI Historical</b>	<b>Combined</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma</b>
(In thousands, except per share data)					
<b>Revenue:</b>					
Title insurance premiums	\$2,408,416	\$ 13,763	\$2,422,179		\$2,422,179
Net title service revenues		75,320	75,320	(75,320)(5)	
Escrow and other title related fees	679,304	30,692	709,996		709,996
Real estate related services	308,183	15,547	323,730		323,730
Interest and investment income	59,023	1,137	60,160		60,160
Realized gains, net	9,195	2,461	11,656	(3,534)(7)	8,122
Other income	28,550		28,550		28,550
	<u>3,492,671</u>	<u>138,920</u>	<u>3,631,591</u>	<u>(78,854)</u>	<u>3,552,737</u>
<b>Expenses:</b>					
Personnel costs	1,037,722	70,338	1,108,060		1,108,060
Other operating expenses	717,046	33,213	750,259	2,790(8)	753,049
Agent commissions	1,020,936	7,333	1,028,269	(75,320)(5)	952,949
Provision for claim losses	120,421	931	121,352		121,352
Amortization of cost in excess of net assets acquired					
Interest expense	25,999	239	26,238		26,238
	<u>2,922,124</u>	<u>112,054</u>	<u>3,034,178</u>	<u>(72,530)</u>	<u>2,961,648</u>
Earnings before income taxes and minority interest	570,547	26,866	597,413	(6,324)	591,089
Income tax expense	205,397	11,015	216,412	(6,296)(9)	210,116
Earnings before minority interest	365,150	15,851	381,001	(28)	380,973
Minority interest	8,368		8,368		8,368
Earnings from continuing operations	<u>\$ 356,782</u>	<u>\$ 15,851</u>	<u>\$ 372,633</u>	<u>\$ (28)</u>	<u>\$ 372,605</u>
Basic earnings per share from continuing operations	<u>\$ 3.74</u>	<u>\$ 1.73</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 3.78(10)</u>
Weighted average shares outstanding, basic	<u>95,276</u>	<u>9,147</u>	<u>N/A</u>	<u>N/A</u>	<u>98,458(10)</u>
Diluted earnings per share from continuing operations	<u>\$ 3.61</u>	<u>\$ 1.50</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 3.63(10)</u>
Weighted average shares outstanding, diluted	<u>98,762</u>	<u>10,584</u>	<u>N/A</u>	<u>N/A</u>	<u>102,739(10)</u>



**Table of Contents****FIDELITY NATIONAL FINANCIAL, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS****For the Year Ended December 31, 2001**

	FNF Historical	ANFI Historical	Combined	Pro Forma Adjustments	Pro Forma
(In thousands, except per share data)					
<b>Revenue:</b>					
Title insurance premiums	\$2,694,479	\$ 8,890	\$2,703,369		\$2,703,369
Net title service revenues		76,435	76,435	(76,435)(5)	
Escrow and other title related fees	728,406	32,176	760,582		760,582
Real estate related services	287,063	17,080	304,143		304,143
Interest and investment income	93,105	1,267	94,372		94,372
Realized gains, net	6,349	1,001	7,350	(3,641)(7)	3,709
Other income	64,705		64,705		64,705
	<u>3,874,107</u>	<u>136,849</u>	<u>4,010,956</u>	<u>(80,076)</u>	<u>3,930,880</u>
<b>Expenses:</b>					
Personnel costs	1,187,177	73,909	1,261,086		1,261,086
Other operating expenses	829,433	36,443	865,876	3,111(8)	868,987
Agent commissions	1,098,328	4,659	1,102,987	(76,435)(5)	1,026,552
Provision for claim losses	134,724	1,104	135,828		135,828
Amortization of cost in excess of net assets acquired	54,155	551	54,706		54,706
Interest expense	46,569	422	46,991		46,991
	<u>3,350,386</u>	<u>117,088</u>	<u>3,467,474</u>	<u>(73,324)</u>	<u>3,394,150</u>
Earnings before income taxes and minority interest	523,721	19,761	543,482	(6,752)	536,730
Income tax expense	209,488	8,497	217,985	(6,523)(9)	211,462
Earnings before minority interest	314,233	11,264	325,497	(229)	325,268
Minority interest	3,048		3,048		3,048
Earnings from continuing operations	<u>\$ 311,185</u>	<u>\$ 11,264</u>	<u>\$ 322,449</u>	<u>\$ (229)</u>	<u>\$ 322,220</u>
Basic earnings per share from continuing operations	<u>\$ 3.31</u>	<u>\$ 1.20</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 3.31(10)</u>
Weighted average shares outstanding, basic	<u>94,048</u>	<u>9,386</u>	<u>N/A</u>	<u>N/A</u>	<u>97,229(10)</u>
Diluted earnings per share from continuing operations	<u>\$ 3.21</u>	<u>\$ 1.09</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 3.20(10)</u>
Weighted average shares outstanding, diluted	<u>96,865</u>	<u>10,295</u>	<u>N/A</u>	<u>N/A</u>	<u>100,723(10)</u>

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements.



**Table of Contents****FIDELITY NATIONAL FINANCIAL, INC.****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share amounts)**

1. As of January 9, 2003, FNF owned approximately 28% of ANFI's outstanding common stock. This pro forma adjustment reflects the purchase price for the remaining 72% of ANFI's outstanding common stock:

a.	In the Merger, each share of ANFI common stock will be exchanged for .454 shares of FNF common stock. This is a fixed exchange ratio. Based on ANFI's shares outstanding as of January 9, 2003, the date the Merger Agreement was signed, FNF anticipates issuing approximately 3,181,380 shares of FNF common stock in the Merger. For purpose of this analysis and in accordance with EITF 99-12, the assumed common stock price is \$32.35 per share, which represents the average closing price of FNF common stock on the NYSE for the two day period beginning two days prior through two days subsequent to December 16, 2002, the last trading day before the public announcement of the Merger (the Valuation Date )	\$ 102,911
b.	In the Merger, each vested and unvested option and warrant to purchase ANFI common stock will be exchanged for 0.454 vested and unvested options and warrants to purchase FNF common stock. This pro forma adjustment reflects the fair value of the vested and unvested options and warrants using FNF's common stock price on the Valuation Date	33,971
c.	In accordance with FIN 44, unearned compensation costs are recorded upon consummation of the Merger for the portion of the intrinsic value, at the consummation date, of the unvested FNF options that will be exchanged for unvested ANFI options. This pro forma adjustment reflects the establishment of unearned compensation cost on the pro forma September 30, 2002 balance sheet, in the amount of	(3,789)
	Total recorded purchase price	\$ 133,093

2. The preliminary purchase price allocation is as follows:

Tangible and amortizable intangible assets acquired at fair value	\$ 37,293
Cost in excess of net assets acquired, net	116,966
Liabilities assumed at fair value	(21,166)
	\$ 133,093

3. This pro forma adjustment eliminates FNF's 28% investment in ANFI of \$21,461 as of September 30, 2002.
4. This pro forma adjustment eliminates ANFI's unamortized cost in excess of net assets acquired of \$11,226 as of September 30, 2002, and records cost in excess of net assets acquired of \$116,966.
5. This pro forma adjustment eliminates the intercompany transactions and balances between FNF and ANFI.
6. This pro forma adjustment eliminates ANFI's title plant under capital lease of \$1,100 and capital lease obligation of \$745 with FNF.

7. This pro forma adjustment eliminates the effect of the equity method of accounting of ANFI recorded by FNF of \$3,534 for the nine-month period ended September 30, 2002 and \$3,641 for the year ended December 31, 2001.

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8. In accordance with FIN 44, unearned compensation costs are recorded upon consummation of the merger for the unearned portion of the intrinsic value of the unvested FNF options that will be exchanged for unvested ANFI options. The amortization of the unearned compensation cost over the remaining vesting period, results in a pre-tax charge of \$2,790 for the nine-month period ended September 30, 2002 and \$3,111 for the year ended December 31, 2001.
9. Income taxes are recorded at the estimated tax rate of 40%, multiplied by the pro forma adjustments to earnings before taxes and minority interest plus the benefit of 5% (state tax rate less federal benefit of state tax) multiplied by net title service revenue recorded by ANFI. ANFI's subsidiary was subject to state income taxes for this revenue; however, if the acquisition had occurred as of January 1, 2002 or 2001, this revenue would have been earned by an insurance subsidiary of FNF and as such would not have been subject to state income taxes.
10. The pro forma number of shares used in the per share computation basic is the weighted average number of FNF common shares outstanding during the nine months ended September 30, 2002 and the year ended December 31, 2001 plus the issuance of approximately 3,181,380 shares of FNF common stock to effect the Merger. The pro forma number of shares used in the per share computation diluted includes the impact of the assumed conversions of ANFI dilutive potential securities that will be exchanged for FNF dilutive securities.

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

FNF's common stock is listed on the NYSE under the symbol FNF. ANFI's common stock is listed on NASDAQ National Market under the symbol ANFI. As of February 6, 2003, there were approximately 1,740 holders of record of FNF common stock, and as of February 3, 2003 there were approximately 55 holders of record of ANFI common stock. The table below sets forth, for the fiscal quarters indicated, the high and low sales prices per share of FNF common stock and ANFI common stock, as reported on the NYSE Composite Tape and the NASDAQ National Market, as applicable. FNF has historically followed a policy of paying quarterly dividends. Since the first quarter of 1999, ANFI has paid cash dividends on a quarterly basis, which payments have been made at the discretion of its Board of Directors. ANFI's last dividend payment in the amount of \$0.125 per share was paid on January 6, 2003 to shareholders of record on December 23, 2002. Pursuant to the Merger Agreement, ANFI has agreed to refrain from paying any further dividends prior to the Merger, except that ANFI may declare and pay a cash dividend to its shareholders of up to \$0.125 per share with respect to its first quarter of 2003 if the Merger has not been consummated by April 11, 2003, which is the record date for FNF's first quarter 2003 dividend.

	FNF Common Stock(1)			ANFI Common Stock(2)		
	High	Low	Dividends Declared	High	Low	Dividends Declared
2000						
First Quarter	\$ 15.08	\$ 9.60	\$0.08	\$ 2.86	\$ 2.18	\$ 0.07
Second Quarter	16.58	10.33	0.08	2.73	2.00	0.07
Third Quarter	20.61	13.95	0.08	2.28	1.95	0.07
Fourth Quarter	32.55	16.32	0.08	2.33	2.27	0.07
2001						
First Quarter	\$30.53	\$21.55	\$0.08	\$ 3.64	\$ 2.18	\$ 0.07
Second Quarter	23.14	16.61	0.08	4.11	2.91	0.07
Third Quarter	24.80	18.55	0.09	7.20	4.00	0.10
Fourth Quarter	25.06	20.19	0.09	6.89	5.24	0.10
2002						
First Quarter	\$25.44	\$21.70	\$0.09	\$ 6.88	\$ 5.00	\$ 0.10
Second Quarter	31.74	23.96	0.10	12.80	6.32	0.10
Third Quarter	32.32	24.55	0.12	14.80	10.55	0.125
Fourth Quarter	33.61	26.79	0.12	15.15	10.27	0.125
2003						
First Quarter (through January 21, 2003)	\$34.68	\$32.89	\$0.15	\$15.56	\$14.79	N/A

- (1) The FNF amounts for 2000, 2001 and 2002 have been adjusted to give retroactive effect to a 10% stock dividend in August 2001 and May 2002.
- (2) The ANFI amounts for 2000, 2001 and 2002 have been adjusted to give retroactive effect to a 10% stock dividend in May 2001 and the five-for-four (25%) stock split in July 2002.

Following the Merger, the holders of FNF common stock will be entitled to receive such dividends as may be declared by FNF's Board of Directors. FNF's current dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends will be in the discretion of FNF's Board of Directors and will be dependent upon FNF's future earning, financial condition and capital requirements. FNF's ability to declare dividends is also subject to its compliance with the financial covenants contained in its existing credit agreement. In addition, since FNF is a holding company, its ability to pay dividends depends largely on the ability of its subsidiaries to pay dividends to it, and the ability of its title insurance subsidiaries to do so is subject to, among other factors, their compliance with applicable insurance regulations.



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**THE ANFI SPECIAL MEETING**

This proxy statement/prospectus is being mailed to the holders of ANFI common stock for use at the ANFI special meeting to be held on Wednesday, March 26, 2003 at 10:00 a.m. local time, at The Irvine Marriott Hotel, located at 18000 Von Karman Avenue, Irvine, California 92612, and at any adjournments or postponements thereof.

At the ANFI special meeting, ANFI shareholders will be asked to consider and vote upon a proposal to approve and adopt the Merger Agreement between FNF and ANFI and the Merger.

**How to Vote**

Your vote is important. Shareholders of record can vote by mail as described below. If you are a beneficial owner, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record.

**Proxies**

If you are an ANFI shareholder, you may use the accompanying proxy if you are unable to attend the ANFI special meeting in person or wish to have your shares voted by proxy even if you do attend the ANFI special meeting. All shares of ANFI common stock represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified therein. Proxies that do not contain voting instructions will be voted in favor of approval and adoption of the Merger Agreement and the Merger.

**Vote by Mail**

In order to be effective, completed proxy cards must be received by 8:30 a.m. (EDT) on March 26, 2003. If you choose to vote by mail, simply mark your proxy, date and sign it, and return it to the following address: ANFI, Inc., 1111 E. Katella Avenue, Suite 220; Orange, California 92867, Attention: Jo Ann N. Bunton.

**Voting at the Special Meeting**

Voting by mail will not limit your right to vote at the special meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the special meeting. All shares that have been properly voted and not revoked will be voted at the special meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors of ANFI.

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### **Voting on Other Matters**

If other matters are properly presented at the special meeting for consideration, the persons named on the proxy card will have the discretion to vote on those matters for you.

### **Revocation of Proxies**

Proxies may be revoked at any time before they are voted by:

written notice addressed to ANFI, Inc., 1111 East Katella Avenue, Suite 220, Orange, California 92867, Attention: Jo Ann N. Bunton, Controller;

timely delivery of a valid, later-dated proxy; or

voting by ballot at the special meeting.

However, attendance at the special meeting will not, in itself, constitute revocation of a previously granted proxy.

### **Record Date; Vote Required**

Only holders of record of shares of ANFI common stock at the close of business on February 11, 2003 are entitled to notice of and to vote at the ANFI special meeting, with each share entitled to one vote. ANFI shareholders have limited dissenters or appraisal rights in connection with the Merger.

Approval and adoption of the Merger Agreement requires the favorable vote of the holders of at least a majority of the shares of ANFI common stock voting in person or by proxy at the ANFI special meeting.

On February 11, 2003, which is the record date for the special meeting, there were 9,920,940 shares of ANFI common stock issued and outstanding and entitled to vote. One vote may be cast with respect to the Merger Agreement and the Merger for each share of ANFI common stock that was owned on the record date.

As described above under the heading Summary The ANFI Special Meeting Share Ownership of FNF and Affiliates, it is expected that at least 6,122,983, or approximately 64.1% of the outstanding shares of ANFI common stock as of December 31, 2002, will vote in favor of the Merger, assuring ANFI shareholder approval of the Merger Agreement and Merger

Under NASDAQ rules, brokers and nominees are precluded from exercising their voting discretion on the proposal to approve and adopt the Merger and the Merger Agreement and, for this reason, absent specific instructions from the beneficial owner of shares, they are not permitted to vote such shares. In determining whether the Merger and the Merger Agreement are approved, a non-vote will have the same effect as a vote against the Merger Agreement and Merger. ACCORDINGLY, THE ANFI BOARD OF DIRECTORS URGES THE ANFI SHAREHOLDERS TO COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED, POSTAGE-PAID ENVELOPE AS DESCRIBED ABOVE.

### **Share Ownership of Management and Directors; Voting Agreement**

As of February 3, 2003, directors and executive officers of ANFI and their affiliates held and were entitled to vote 3,156,802 shares of ANFI common stock, or approximately 32% of the shares of ANFI common stock outstanding on February 3, 2003. Pursuant to the terms of a voting agreement (the Voting Agreement) entered into concurrently with the execution of the Merger Agreement, four of the executive officers who are also directors of ANFI and who own in the aggregate 2,557,380 shares of ANFI common stock have agreed to vote all of their shares in favor of the Merger and not to sell any of their outstanding ANFI shares other than shares relating to or obtained as the result of the exercise of ANFI options until the Merger has occurred or the Merger Agreement is terminated. On January 14, 2003, FNF entered into a written waiver with the ANFI holders party to the Voting Agreement, whereby FNF waived any rights it may have to enforce the transfer prohibition as it relates to the exercise of ANFI stock options and any subsequent sale of any shares of ANFI common stock received upon exercise. In this

regard, two of the interested

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directors of ANFI on January 16 and 17, 2003 sold in the aggregate 170,700 shares of ANFI stock obtained as the result of their exercise of ANFI options in order to begin to reduce their outstanding options to acquire ANFI shares as required by the Merger Agreement and to diversify their own personal investment portfolios. The other interested directors similarly may exercise their ANFI options and sell the underlying ANFI shares prior to the consummation of the Merger for similar reasons.

## **Quorum**

Holders of a majority of the outstanding shares of ANFI common stock entitled to vote must be present, either in person or by proxy, at the ANFI special meeting to constitute a quorum. In general, abstentions and broker non-votes will not be counted as present or represented for the purposes of determining a quorum for the ANFI special meeting.

## **Expenses of Solicitation**

The expenses of the solicitation of proxies with respect to the ANFI special meeting will be borne by ANFI. In addition to solicitation by mail, arrangements will be made with brokers and other custodians, nominees and fiduciaries to send proxy materials to their principals and ANFI will, upon request, reimburse them for reasonable expenses of so doing. Solicitation of proxies from some ANFI shareholders may be made by ANFI's officers, directors, consultants and employees by telephone, facsimile, or in person after the initial solicitation.

## **Recommendation of the ANFI Board of Directors**

BY UNANIMOUS VOTE OF ITS DISINTERESTED DIRECTORS, THE ANFI BOARD OF DIRECTORS APPROVED THE MERGER AGREEMENT AND THE MERGER, DECLARED THAT THE MERGER AGREEMENT AND THE MERGER ARE ADVISABLE AND DETERMINED THAT THE MERGER IS FAIR TO, AND IN THE BEST INTERESTS OF, ANFI AND THE ANFI SHAREHOLDERS. ACCORDINGLY, BY UNANIMOUS VOTE OF ITS DISINTERESTED DIRECTORS, THE ANFI BOARD OF DIRECTORS RECOMMENDS THAT THE ANFI SHAREHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER. See The Merger ANFI Reasons for the Merger; Recommendation of the ANFI Board of Directors.

## **Miscellaneous**

It is not expected that any other matters will be brought before the ANFI special meeting. If any other matters are properly brought before the ANFI special meeting, including a motion to adjourn or postpone the ANFI special meeting to another time and/or place for the purpose of, among other things, permitting dissemination of information regarding material developments relating to the Merger Agreement and the Merger, or soliciting additional proxies in favor of the approval of the Merger Agreement and the Merger, the persons named on the accompanying proxy card will vote the shares represented by the proxy upon such matters in their discretion. However, if ANFI proposes to adjourn or postpone its special meeting for the purpose of soliciting additional votes in favor of the Merger agreement and the Merger, and seeks a vote of ANFI shareholders on such proposal, proxies that have been voted against the Merger Agreement and Merger (or on which an ANFI shareholder has elected to abstain) will not be voted in favor of any adjournment or postponement for the purpose of soliciting additional proxies. Any other proxy will be deemed to have voted FOR any such adjournment or postponement proposal. Should the ANFI special meeting be reconvened, all proxies will be voted in the same manner as such proxies would have been voted when the ANFI special meeting was originally convened, except for proxies effectively revoked or withdrawn prior to the time proxies are voted at the reconvened ANFI special meeting.

ANFI SHAREHOLDERS SHOULD NOT SEND IN ANY STOCK CERTIFICATES WITH THEIR PROXY CARDS. ANFI SHAREHOLDERS WILL BE SENT SEPARATE WRITTEN INSTRUCTIONS FOR EXCHANGING THEIR STOCK CERTIFICATES PROMPTLY AFTER THE EFFECTIVE TIME OF THE MERGER. FNF STOCKHOLDERS WILL NOT EXCHANGE THEIR STOCK CERTIFICATES IN CONNECTION WITH THE MERGER.

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**THE MERGER**

The following describes certain aspects of the proposed Merger. Because this discussion is a summary, it may not contain all of the information that is important to you. To understand the Merger fully, and for a more complete description of the legal terms of the Merger, you are urged to read the Merger Agreement carefully. A copy of the Merger Agreement is attached as Appendix A to this document and is incorporated in this document by reference.

**General**

The Merger Agreement provides for the Merger of ANFI with and into a newly formed, wholly-owned subsidiary of FNF, with such wholly-owned subsidiary surviving the Merger as a wholly-owned subsidiary of FNF. The Merger will become effective with the filing of an agreement of merger with the Secretary of State of the State of California. It is anticipated that this filing will be made as soon as practicable after the last of the conditions to the Merger, as set forth in the Merger Agreement, has been satisfied or waived. When the Merger is completed:

the separate corporate existence of ANFI will cease;

the merger subsidiary will continue as the surviving corporation; and

the Articles of Incorporation and Bylaws of the merger subsidiary then in effect will be the Articles of Incorporation and Bylaws of the surviving corporation.

FNF and ANFI hope to complete this transaction by June 30, 2003.

**Merger Consideration**

In the Merger, each share of ANFI common stock outstanding immediately prior to the effective time of the Merger will be converted into the right to receive 0.454 shares of FNF common stock.

No fractional shares of FNF common stock will be issued in the Merger. Any fractional share of FNF common stock which would otherwise be payable to an ANFI shareholder will be settled in cash in an amount equal to the value of such fractional share, based upon the FNF share price at the effective time of the Merger.

When the Merger is completed, each unexercised stock option to buy ANFI common stock outstanding under ANFI's stock option plans and each warrant to purchase ANFI common stock will become an option or warrant to purchase FNF common stock, subject to certain limitations applicable to the senior executives of ANFI. The number of shares of FNF common stock subject to each new option or warrant, as well as the exercise price of each new option or warrant, will be adjusted to reflect the exchange ratio. There will be no change in the vesting schedule applicable to any of the ANFI stock options or warrants.

All ANFI employees shall be eligible to become participants in FNF's employee stock purchase plan with credit for time of service with ANFI and credit from time of participation in the ANFI employee stock purchase plan. At the effective time of the Merger, the ANFI employee stock purchase plan will be terminated in accordance with its provisions.

**Background of the Merger**

Beginning in mid-2001, ANFI's senior management commenced a strategic review of ANFI's status and market position and prospects, including the status of the real estate market and current interest rates. Then, as now, ANFI was engaged in a highly-cyclical industry, its revenue stream was not diversified and ANFI relied almost entirely on its underwritten title insurance business. At the end of June 2001, the stock of ANFI was trading for approximately \$4 a share, adjusted for the July 2002 stock split, which represented an approximate 33 1/3% decrease in the price per share of ANFI stock since the date of the initial public offering.

As management did not feel the reduction in the price per share of ANFI stock since the date of its initial public offering was reflective of the true value of ANFI, ANFI's senior management, with the concurrence of



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its Board of Directors, retained Houlihan, Lokey, Howard & Zukin Capital ( Houlihan Lokey ) on October 30, 2001, to act as ANFI s financial advisor. The financial advisor was retained to evaluate ANFI s strategic alternatives and to provide financial advisory and investment banking services in connection with potential transactions such as acquisitions, financings, capital infusions, mergers, consolidations, tender exchange offers, leveraged buyouts, leveraged recapitalizations, sales of assets or equity interests or similar transactions involving all or a substantial part of ANFI s business.

Among other activities, Houlihan Lokey contacted 37 potential buyers. Of that group, three parties showed some level of interest in pursuing a transaction with ANFI. One of those interested parties was FNF, which at that time offered approximately \$10.40 per share, adjusted for the July 18, 2002 ANFI five for four stock split. Another party expressed interest in acquiring ANFI at a price of between \$8.20 to \$9.00 per share, adjusted for the July 2002 stock split. A third party expressed interest at between \$6.40 and \$8.00 per share, adjusted for the July 2002 stock split. During this period the price per share of ANFI stock was trading in the approximate range of \$10.95 per share to \$15.00 per share.

Due to a number of factors, including the fact that none of these offers was meaningfully in excess of the price per share at which ANFI stock was then trading, the fact that ANFI s stock price appreciated significantly over the period between June 2001 and the completion of the Houlihan Lokey initial solicitation of potential buyers in June 2002, and a determination by the ANFI Board of Directors that there was a general lack of interest by prospective buyers at values which would result in a purchase price at a premium to the then market price of ANFI stock, Houlihan Lokey s engagement as financial advisor was terminated by ANFI on or about June 30, 2002.

William P. Foley, II, Chairman of the Board and Chief Executive Officer of FNF, requested a meeting on December 10, 2002 with Michael C. Lowther, the Chairman of the Board and Chief Executive Officer of ANFI and Wayne D. Diaz, President of ANFI. Mr. Foley informed Messrs. Lowther and Diaz that FNF was interested in pursuing an acquisition of ANFI based upon the conversion of each common share of ANFI into 0.454 common shares of FNF. Based on the December 10, 2002 closing stock prices, this was an implied value of \$15.00 per ANFI share based on FNF s share price of \$33.04 and represented a 19% premium to ANFI s share price of \$12.63.

On December 11, 2002, at a regularly scheduled meeting of the ANFI Board of Directors, Mr. Lowther announced that he had received an offer from Mr. Foley on behalf of FNF to acquire ANFI. At that meeting, the Board appointed a special committee of the Board of Directors (the Special Committee ) consisting of four independent directors to evaluate, negotiate and recommend to the ANFI Board of Directors the advantages and disadvantages of the FNF proposal on an independent basis.

Thereafter, negotiations were commenced between the Special Committee and representatives of FNF regarding the terms of a letter of intent. Immediately following the December 11, 2002, ANFI Board of Directors meeting, the Special Committee contacted Houlihan Lokey concerning their availability to act as financial advisor in connection with the Special Committee s negotiation of the proposed letter of intent with FNF and the possibility of its affiliate, HLHZFA, rendering an rendering an opinion on the fairness of the terms of the transaction.

On December 13, 2002 a non-binding letter of intent was executed between ANFI and FNF. The letter of intent contained several significant conditions to completion of the transaction including a due diligence review period, negotiation of a mutually satisfactory merger agreement, obtaining all necessary regulatory approvals, no material adverse change in ANFI s or FNF s businesses, receipt by ANFI of an acceptable fairness opinion, an opinion as to tax deferred treatment of the merger consideration, ANFI shareholder approval and other customary closing conditions.

On December 13, 2002, the Special Committee retained Houlihan Lokey to act as the Special Committee s exclusive financial advisor to provide financial advisory and investment banking services in connection with the possible acquisition of ANFI by FNF, or an acquisition of ANFI by a party other than FNF. HLHZFA was also engaged to render an opinion to the Special Committee as to the fairness, from a

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financial point of view, to the unaffiliated shareholders of ANFI of the consideration to be received by them in connection with the proposal made by FNF or an alternative proposal from a party other than FNF.

Following the execution of the letter of intent on Friday, December 13, 2002, negotiations commenced concerning the terms of a definitive agreement relating to the proposed merger of ANFI and FNF. Pursuant to the letter of intent, ANFI and its representatives were permitted to solicit superior offers from parties other than FNF for a 14 day period commencing on December 13, 2002, subject to a termination fee if ANFI accepted a superior offer. Houlihan Lokey immediately commenced efforts to solicit other offers to acquire ANFI.

On Monday morning, December 16, 2002, prior to the beginning of trading on the New York Stock Exchange and NASDAQ, a press release was issued announcing that FNF and ANFI had entered into a letter of intent pursuant to which FNF would acquire ANFI.

On December 18, 2002, FNF delivered the initial draft of the proposed merger agreement to the Special Committee.

On December 20, 2002 at a meeting of the Special Committee, the law firm of Sheppard, Mullin, Richter & Hampton, LLP, ( Sheppard Mullin ) was retained by the Special Committee to act as its counsel in connection with the proposed acquisition by FNF. At this meeting the Special Committee reviewed the status of discussions with FNF and the nature of the material terms being negotiated. Discussion included a review of the terms of FNF's acquisition proposal as contained in the letter of intent, and an initial discussion was held concerning the terms of the initial draft of the merger agreement.

On December 24, 2002, the Special Committee met with representatives of Houlihan Lokey, HLHZFA and Sheppard Mullin. At that meeting the representatives of Houlihan Lokey reviewed the status of their search for prospective purchasers. The representatives of Houlihan Lokey stated at this meeting that they were actively testing the market to see what other interest might exist for a possible acquisition of ANFI. It was also noted that because of FNF's familiarity with ANFI through its part ownership of ANFI and its rendering of management services to ANFI, that the risk of not closing due to possible due diligence problems was reduced significantly. Representatives of Houlihan Lokey advised the Special Committee that the two parties that had expressed interest during the search previously conducted in mid-June, 2002, were no longer interested. In addition, representatives of HLHZFA reviewed the status of preparation of their fairness opinion relating to the FNF proposal and reviewed the terms of the FNF offer, including the consideration to be paid. At this meeting, Sheppard Mullin also discussed the fiduciary duties of the members of the Special Committee in conducting their deliberations.

On the afternoon of December 27, 2002 the Special Committee received via telefax a letter from the President of First American Title Insurance Company requesting information concerning ANFI and expressing its interest in pursuing an acquisition of ANFI. As a result of this expression of interest from First American Title Insurance Company ( First American ), a Special Committee meeting was held that afternoon at which it was decided to deliver any information reasonably requested by First American up to and including the last day of the fourteen-day non-exclusive period provided for in the letter of intent in which non-public information could be given to an interested third party prior to ANFI's receipt of an offer superior to the FNF offer. All documents which First American requested for review on December 27, 2002 were provided to it that same day.

On December 30, 2002 another meeting of the Special Committee was held with the participation of Sheppard Mullin and representatives of Houlihan Lokey to determine the results of the market search. Houlihan Lokey reported that, other than First American, no party expressed interest in pursuing a possible acquisition of ANFI. As a result of this meeting it was decided to contact the President of First American to inform him of the time parameters in which First American would have to make its offer in order to have it considered by the Special Committee prior to proceeding with the FNF offer. Representatives of HLHZFA, also present at the meeting, notified the Special Committee that on January 6, 2003 they would present to the Special Committee on a preliminary basis their findings regarding the fairness from a financial point of view of



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the proposed consideration to be paid by FNF to the Unaffiliated Shareholders of ANFI in connection with the Merger.

On or about January 5, 2003, the President of First American notified the Special Committee that First American had decided not to pursue the acquisition of ANFI.

At the January 6, 2003 meeting of the Special Committee, representatives from Houlihan Lokey and HLHZFA were present together with counsel from Sheppard Mullin. Representatives of Houlihan Lokey reviewed the fact that they were unable to generate other offers to acquire ANFI. Representatives of HLHZFA also discussed the due diligence which they had undertaken in connection with the proposed fairness opinion, including meetings with members of the senior management of ANFI, reviewing 10-K and 10-Q filings for both ANFI and FNF, reviewing a budget of ANFI's financial performance for the fiscal year ending December 31, 2003, historical market prices and trading volumes for both ANFI and FNF, reviewing drafts of documents relating to the proposed merger, including the Merger Agreement, and reviewing other publicly available financial data related to the acquisition of certain companies comparable to ANFI. During the January 6, 2003 meeting, HLHZFA delivered its preliminary conclusion to the Special Committee that as of that date, based on the assumptions made, matters considered and limits of review as set forth in such opinion, the consideration to be received by the Unaffiliated Shareholders in connection with the Merger was fair to them from a financial point of view. At this meeting HLHZFA presented a draft of an analysis it had used to reach its preliminary conclusion, which it reviewed with the Special Committee and its counsel. At that meeting, counsel to the Special Committee, as well as counsel to ANFI, reviewed the terms and conditions of the Merger Agreement and updated the Special Committee as to how issues had been resolved. Sheppard Mullin again reviewed with the members of the Special Committee their fiduciary duties under California law. It was also brought to the attention of the Special Committee that First American had stated that it was not interested in pursuing a acquisition of ANFI. The Special Committee decided to hold another meeting to provide additional time to review in more detail the fairness analysis, and thereafter have another opportunity to further question HLHZFA regarding its findings and confer with counsel to the Special Committee at a follow-up meeting of the Special Committee.

On January 9, 2003 another meeting of the Special Committee was held. Also participating in the meeting were counsel to the Special Committee, Sheppard Mullin, and representatives of HLHZFA. At this meeting HLHZFA provided the Special Committee with its written fairness opinion with respect to the Merger and again reviewed its fairness analysis. At this meeting, HLHZFA again stated that it was of the opinion that the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the proposed Merger was fair from a financial point of view. Also at this meeting the final terms of the proposed Merger Agreement were reviewed and discussed. After further discussion with HLHZFA and Sheppard Mullin, the Special Committee voted unanimously to recommend to the Board of Directors of ANFI the approval of the terms of the proposed merger with FNF as fair and in the best interests the shareholders of ANFI, expressly including the Unaffiliated Shareholders.

On January 9, 2003, another meeting of the full ANFI Board of Directors was held, at which the terms of the final proposed merger agreement were reviewed and discussed, as well as the fairness opinion that had been rendered by HLHZFA. A review of the proposed transaction since the original receipt of the FNF proposal was conducted, as well as a review of the results of Houlihan Lokey's attempt to solicit interest from third parties in acquiring ANFI. Following further discussion, ANFI's Board, by the unanimous affirmative vote of the disinterested directors, approved the form of the Merger Agreement and the execution of the Merger Agreement and determined that the merger was fair to, and in the best interest of, ANFI and the Unaffiliated Shareholders of ANFI. ANFI and FNF then executed the Merger Agreement on January 9, 2003. FNF and ANFI issued a press release announcing the execution of the Merger Agreement on January 10, 2003, prior to the beginning of trading on the New York Stock Exchange and the NASDAQ. Concurrently with the execution of the Merger Agreement, four interested directors of ANFI executed the Voting Agreement with FNF wherein they agreed to vote all their shares in favor of the Merger at the special shareholders' meeting and not to sell any ANFI shares prior the Merger. On January 14, 2003, FNF agreed that, notwithstanding the terms of the Voting Agreement, shares relating to or acquired as the result of the

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exercise of outstanding options as of the date of the Merger Agreement could be sold by the ANFI executives who were parties to the Voting Agreement.

On January 16 and 17, 2003, Carl A. Strunk and Barbara A. Ferguson, two of the interested directors, elected to exercise ANFI options and in the aggregate sold 170,700 shares of ANFI in order to begin to reduce their outstanding options to acquire ANFI shares as required by the Merger Agreement and to diversify their own personal investment portfolios. The other interested directors similarly may exercise their ANFI options and sell the underlying ANFI shares prior to the consummation of the Merger for similar reasons. Pursuant to an amendment to the Merger Agreement dated as of February 21, 2003, FNF agreed to permit ANFI to declare and pay a cash dividend with respect to its first quarter not to exceed \$0.125 per share if the Merger has not been consummated by April 11, 2003, which is the record date for FNF's first quarter 2003 dividend.

### **FNF Reasons for the Merger**

The FNF Board of Directors, by unanimous vote of the disinterested members, has approved the Merger Agreement and the transactions contemplated thereby, has deemed the Merger advisable and has determined that the terms of the Merger and the Merger are fair and in the best interests of FNF and its stockholders. In reaching its determination to approve the Merger Agreement and the Merger, the FNF Board of Directors consulted with FNF management and its financial and other advisors, and considered a number of factors, including the following.

The current status of FNF's business, operations, financial condition, earnings and prospects, and current industry, economic and market conditions.

The expectation that the Merger would result in synergies for the combined company's operations, including changing the name of ANFI to Tigor following the Merger to enable FNF to further develop and expand its Tigor brand as a third major title brand along with Fidelity Title and Chicago Title.

The belief that the critical mass to be gained by combining ANFI with Tigor's existing operations will be sufficient to gain additional cost savings unavailable to either entity on its own.

The expectation that the direct title operations of ANFI would be a good complement to the existing mix of agency business and direct operations of Tigor.

The experienced management team at ANFI that FNF and its Tigor operations would gain as part of the acquisition.

The business, operations, financial condition, earnings and prospects of ANFI, and current industry, economic and market conditions. In making its determination, the FNF Board of Directors took into account the fact that senior management of FNF had performed a due diligence review of ANFI's business.

The anticipated financial impact of the proposed transaction on FNF's and ANFI's future financial performance, including the effect on earnings, FNF's stock price, and on FNF's stockholders in general.

The complementary nature of the two companies' businesses and the close relationship between the boards of directors of the two companies, including a shared director.

The structure of the transaction and the terms of the Merger Agreement, including the fact that the Merger is intended to qualify as a reorganization under Section 368 of the Internal Revenue Code.

The discussion above addresses the material factors considered by the FNF Board of Directors in its consideration of the Merger. In view of the variety of factors and the amount of information considered, the FNF Board of Directors did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. The determination was made after consideration of all of the factors as a whole. In addition, individual members of the FNF Board of Directors may have given different weights to different factors.

THE FNF BOARD OF DIRECTORS, BY UNANIMOUS VOTE OF ITS DISINTERESTED MEMBERS, APPROVED THE MERGER AGREEMENT AND THE MERGER, DECLARED THAT



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THE MERGER AGREEMENT AND THE MERGER ARE ADVISABLE AND DETERMINED THAT THE MERGER IS FAIR TO, AND IN THE BEST INTERESTS OF, FNF AND THE FNF STOCKHOLDERS.

**ANFI Reasons for the Merger; Recommendation of the ANFI Board of Directors**

In reaching its determination to recommend approval and adoption of the Merger Agreement and the Merger, the Special Committee of ANFI's Board of Directors consulted with ANFI management, as well as with its financial advisor, Houlihan, Lokey, and its own independent counsel, Sheppard, Mullin, Richter & Hampton, LLP, and considered a number of factors, including the following.

The terms and conditions of the proposed Merger, including the fact that each share of common stock of ANFI is to be converted into the right to receive 0.454 shares of common stock of FNF. This exchange ratio represented a premium of approximately 11% over the preceding day's closing price. Based upon the trailing 30 day average of the ANFI closing prices from December 16, 2002, the exchange ratio represented a premium of 23.7%; for the trailing three month period from the close of trading on December 6, 2002 a premium of 28.3%; for the trailing six month period from the close of trading on December 16, 2002, a premium of 23.1%; and for the trailing 12 month period from the close of trading on December 16, 2002, a premium of 53%.

The fact that ANFI had previously retained Houlihan Lokey from October 30, 2001 through June 30, 2002 to perform a market search for potential purchasers of ANFI, and the highest offer obtained during that period was from FNF at \$10.40 per share (as adjusted for the July 18, 2002 stock split).

The fact that during the previous sale process, Houlihan Lokey had contacted 37 potential buyers, of which only three parties showed interest in pursuing a transaction with ANFI.

The fact that during the non-exclusive period established under the December 13, 2002 letter of intent, ANFI, through Houlihan Lokey, had attempted to solicit superior proposals to the FNF proposal and no other offers were obtained in the market place during this period.

The fact that on July 5, 2002, senior management of ANFI sold 627,982 shares of their ANFI shares (on a pre-split basis) to FNF in a private transaction. Adjusted for the July 18, 2002 stock split, FNF acquired these shares at a price of \$12.00 per share.

The level of competition in the title insurance industry with companies of greater financial resources than ANFI.

The expectation that the exchange of ANFI shares for FNF shares would result in the ANFI shareholders receiving less volatile shares which would not be subject to as wide market fluctuations as the ANFI shares.

The fact that the structure of the transaction is expected to allow tax on the shares of FNF stock to be received by the ANFI shareholders to be deferred until the FNF shares are sold.

The fact that the Merger will allow ANFI shareholders to retain an equity interest in the combined company.

The anticipated benefits of the Merger for ANFI's core businesses as a result of the financial, marketing and distribution advantages that will result from a combination with FNF.

The ANFI Board of Director's assessment of the business, operations, financial condition, earnings and prospects of each of ANFI and FNF. In making its determination, the ANFI Board of Directors took into account the fact that senior management of both FNF and ANFI had a close business relationship due to FNF's beneficial ownership of approximately 28% of the outstanding shares of ANFI and FNF's continuing provision of certain administrative and support functions to ANFI.

The fact that the close business relationship between FNF and ANFI significantly reduced the risk that the transaction might not close due to due diligence concerns.

The likelihood of obtaining required regulatory approvals.

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The terms and conditions of the Merger Agreement, including:

that ANFI may provide information to and negotiate with unsolicited bidders, if the ANFI Board determines a bid is, or could reasonably be expected to result in, a superior proposal;

that prior to obtaining the ANFI shareholder vote, ANFI may terminate the Merger Agreement to accept a superior proposal for a competing transaction;

that ANFI could be obligated to pay FNF a termination fee of \$2,780,000; and

that while the termination provisions of the Merger Agreement could obligate ANFI to pay FNF a termination fee equal to \$2,780,000, which could have the effect of discouraging alternative proposals for a business combination with ANFI, the Merger Agreement did not preclude bona fide alternative proposals and that the size of the termination fee was reasonable in light of the size and benefits of the transaction. See *The Merger Agreement Termination Fee* for a description of the termination fee provisions of the Merger Agreement.

The impact of the Merger on employees and customers served by ANFI following the Merger.

The non-financial terms of the transaction, including the fact that ANFI is expected to be operated separately within the FNF corporate group as part of TICOR.

The complementary nature of the two companies' businesses and the belief of senior management that ANFI and FNF possess complementary skills and assets.

The fact that ANFI's wholly-owned subsidiary, American Title Company (ATC), had entered into a contract with Chicago Title Insurance Company (CTIC), a wholly-owned subsidiary of FNF, on or about October 1, 2000, pursuant to which ATC agreed that, until June 30, 2007, ATC would act as an exclusive agent for CTIC with respect to the procurement of title insurance policies in 16 counties in California and Arizona, subject to certain exceptions.

That there are risks associated with obtaining the necessary regulatory approvals, and as a result of certain conditions to the completion of the Merger, it is possible that the Merger may not be completed even if approved by shareholders. See *The Merger Agreement Conditions to the Merger*.

The fact that following announcement of the Merger Agreement, ANFI's relationships with employees, agents and customers might be negatively affected because of uncertainty surrounding ANFI's future status and direction.

The fact that the executive officers and directors of ANFI may be deemed to have interests in the proposed Merger that are different from and in addition to the interests of ANFI shareholders generally. See *Interests of Certain Persons in the Merger* below.

That the opinion of HLHZFA, dated January 9, 2003, stated that as of the date of the opinion and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by the Unaffiliated Shareholders of ANFI common stock in connection with the Merger was fair to them from a financial point of view. See *Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. to the Special Committee* below.

The fact that, based on the collective methodologies used by HLHZFA in support of its January 9, 2003 fairness opinion, that the consideration to be received by the Unaffiliated Shareholders of ANFI common stock in connection with the Merger was fair to them from a financial point of view.

The fact that there was no minimum price or collar in the price of FNF stock as a condition to the closing of the Merger.

The fact that the FNF shares to be received are much more actively traded and FNF is followed by many more analysts.

The discussion above addresses the material factors considered by the ANFI Board of Directors in its consideration of the Merger. In view of the variety of factors and the amount of information considered, the

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ANFI Board of Directors did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. The determination was made after consideration of all of the factors as a whole. In addition, individual members of the ANFI Board of Directors may have given different weights to different factors. For a discussion of the interests of certain members of ANFI's management and the ANFI Board of Directors in the Merger, including the election of certain interested directors to exercise options and sell ANFI shares on January 16 and 17, 2003. See **Interests of Certain Persons in the Merger** below.

BY UNANIMOUS VOTE OF THE DISINTERESTED DIRECTORS, THE ANFI BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT AND THE MERGER, DECLARED THAT THE MERGER AGREEMENT AND THE MERGER ARE ADVISABLE AND DETERMINED THAT THE MERGER IS FAIR TO, AND IN THE BEST INTERESTS OF, ANFI AND THE ANFI SHAREHOLDERS. ACCORDINGLY, THE ANFI BOARD RECOMMENDS THAT THE ANFI SHAREHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE MERGER.

**Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. to the Special Committee**

On December 13, 2002, the Special Committee of the Board of Directors of ANFI retained Houlihan Lokey Howard & Zukin Financial Advisors, Inc. ( HLHZFA ) to render an opinion (the **Opinion** ) to the Special Committee as to the fairness, from a financial point of view, of the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the Merger. The term **Unaffiliated Shareholders** means the shareholders of ANFI, other than FNF, affiliates of FNF, and the executive management of ANFI. The Special Committee utilized the **Opinion** in evaluating the Merger.

The Special Committee retained HLHZFA based upon its experience in the valuation of businesses and their securities in connection with mergers, acquisitions, recapitalizations and similar transactions, particularly with respect to insurance and financial services companies. HLHZFA is a nationally recognized investment banking firm that is continually engaged in providing financial advisory services and rendering fairness opinions in connection with mergers and acquisitions, leveraged buyouts, business valuations and securities valuations for a variety of regulatory and planning purposes, recapitalizations, financial restructurings and private placements of debt and equity securities.

On January 9, 2003, HLHZFA delivered the **Opinion** to the Special Committee to the effect that, as of the date of the **Opinion**, on the basis of its analysis summarized below and subject to the limitations described below, the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the Merger is fair to them from a financial point of view.

The full text of the **Opinion**, which describes, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by HLHZFA in rendering the **Opinion** is attached hereto and is incorporated herein by reference. The summary of the **Opinion** in this proxy statement/ prospectus is qualified in its entirety by reference to the full text of the **Opinion**. You are urged to read HLHZFA's **Opinion** in its entirety.

The **Opinion** does not constitute a recommendation to the Special Committee or its shareholders on whether or not to support the Merger and does not constitute a recommendation to any shareholder on whether or not to vote in favor or against any matter set forth herein. The **Opinion** is furnished for the benefit of the Special Committee in evaluating the Merger, and, by its terms, may not be relied upon by any other person without the written consent of HLHZFA, except to the extent required by applicable law.

As compensation to HLHZFA for its services in connection with the rendering of its **Opinion**, ANFI agreed to pay HLHZFA an aggregate fee of \$450,000. Of this amount, \$270,000 of HLHZFA's aggregate fee is to be paid only upon the successful completion of the Merger. No portion of HLHZFA's aggregate fee is contingent upon the conclusions reached in the **Opinion**. The fact that ANFI structured HLHZFA's fees for services in connection with the rendering of its fairness opinion as contingent upon the successful completion of the Merger was disclosed to and discussed by the Special Committee at the time of HLHZFA's

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engagement, in the presence of counsel to the Special Committee. In addition, ANFI agreed to indemnify HLHZFA and related persons against certain liabilities, including liabilities under federal securities laws that arise out of the engagement of HLHZFA, and to reimburse HLHZFA for its reasonable expenses.

Additionally, Houlihan Lokey, an affiliate of HLHZFA, received \$75,000 in fees, plus reimbursement of its reasonable expenses, from ANFI for financial advisory and investment banking services performed by Houlihan Lokey on behalf of ANFI from October 30, 2001 through June 30, 2002. ANFI engaged Houlihan Lokey during such period and again on December 13, 2002, to solicit indications of interest to sell ANFI both before and after FNF submitted its merger proposal to ANFI's board. Houlihan Lokey is also entitled to be paid an additional fee equal to five percent of the transaction value (equal to the market value of the equity in ANFI at the time of the Merger, plus interest bearing debt of ANFI outstanding as of the effective time of the Merger) in excess of \$168 million. This fee will be adjusted up or down depending on the ANFI stock price and debt outstanding as the time of the Merger.

The Opinion does not address ANFI's underlying business decisions to effect the Merger. HLHZFA did not, and was not requested by ANFI or any other person to make any recommendations as to the form or amount of consideration in connection with the Merger. Furthermore, at the request of ANFI, HLHZFA did not participate in the negotiation of the Merger or its terms or advise ANFI or the Special Committee with respect to alternatives to the Merger. Notwithstanding the foregoing, Houlihan Lokey, an affiliate of HLHZFA, did act as ANFI's financial advisor with respect to the Merger and, although it did not negotiate the terms of the Merger for any party, Houlihan Lokey solicited indications of interest to sell ANFI to parties other than FNF after ANFI had received FNF's merger proposal. At the time HLHZFA was engaged by the Special Committee, it discussed with the Special Committee facts relevant to the Special Committee's determination of HLHZFA's independence with respect to rendering a fairness opinion on the Merger, given HLHZFA's affiliation with Houlihan Lokey.

In arriving at the Opinion, among other things, HLHZFA undertook the following:

- 1) met with certain members of the senior management of ANFI to discuss the operations, financial condition, future prospects, projected operations and performance of ANFI and the pending Merger;
- 2) reviewed ANFI's Form 10-K for the fiscal year ended 2001, Form 10-Q for the three quarters ended September 30, 2002, and ANFI-prepared financial statements dated November 30, 2002, which ANFI's management has identified as the most current financial statements available;
- 3) reviewed a budget of ANFI's projected financial performance for the fiscal year ending December 31, 2003 prepared by ANFI's management;
- 4) reviewed the historical market prices and trading volume for ANFI's publicly traded securities and other publicly available information regarding ANFI;
- 5) reviewed FNF's Form 10-K for the fiscal year ended 2001 and Form 10-Q for the three quarters ended September 30, 2002;
- 6) reviewed the historical market prices and trading volume for FNF's publicly traded securities and other publicly available information regarding FNF;
- 7) reviewed drafts of certain documents relating to the Merger, including the draft dated January 8, 2003 of the Merger Agreement by and between FNF and ANFI (which acted as the basis for conclusions reached in the Opinion with respect to the Merger structure);
- 8) reviewed certain other publicly available financial data for certain companies that HLHZFA deemed comparable to ANFI, and publicly available prices and premiums paid in other transactions that HLHZFA considered similar to the Merger; and
- 9) conducted such other studies, analyses and inquiries as HLHZFA has deemed appropriate.

**Table of Contents****Analyses**

The following is a summary of the material financial analyses used by HLHZFA in connection with providing the Opinion. This summary is qualified in its entirety by reference to the full text of the Opinion, which is attached as Appendix C to this proxy statement/prospectus. You are urged to read the full text of the HLHZFA Opinion carefully and in its entirety.

HLHZFA's analyses of the Merger contemplated by the Merger Agreement included the calculation and comparison of the following: (i) an analysis of ANFI's stock price as determined by the public market; and (ii) an analysis of ANFI's stock price as determined by HLHZFA. HLHZFA then performed the following analyses in order to determine the current price per share of ANFI.

As a preliminary matter, HLHZFA reviewed the historical market prices and trading volume for ANFI's publicly traded common stock and reviewed publicly-available analyst reports, news articles, and press releases relating to ANFI. HLHZFA reviewed ANFI's closing stock price on a five-day average, one-month average, three-month average, six-month average and one-year average basis as of December 16, 2002. The resulting per share indications from this approach, as reviewed by HLHZFA, ranged from \$9.99 to \$13.10. Thereafter, HLHZFA undertook the following methodologies:

*Market Multiple Methodology:* HLHZFA reviewed certain financial information of comparable publicly traded title insurance companies selected solely by HLHZFA. The comparable public companies included: Capital Title Group, Inc., First American Corp., Investors Title Company, LandAmerica Financial Group, Inc., Old Republic International Corp. and Stewart Information Services (collectively, the Comparables). HLHZFA calculated financial ratios of the Comparables based on the most recent publicly available information. HLHZFA calculated financial ratios, including the multiples of: (i) enterprise value (EV) to latest 12 months (LTM) revenues, (ii) market value of equity (MVE defined as) to LTM earnings, (iii) MVE to LTM book value, (iv) EV to projected fiscal year 2003 (NFY) revenues of the Comparables based on the most recent publicly available information, (v) MVE to NFY earnings of the Comparables based on the most recent publicly available information, (vi) EV to three-year average revenues and (vii) MVE to three-year average earnings. MVE is calculated by multiplying the per share price of an entity's common equity securities by the fully diluted shares of the entity. EV is calculated by adding an entity's MVE to the book value of its existing debt and preferred stock.

HLHZFA's analysis showed that the multiples exhibited by the Comparables was as follows:

**Market Multiple Methodology**

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
EV as a multiple of:				
LTM revenues	0.26x	1.40x	0.72x	0.69x
NFY revenues	0.25x	1.40x	0.69x	0.59x
Three-year average revenues	0.32x	1.56x	0.88x	0.83x
MVE as a multiple of:				
LTM earnings	5.3x	9.1x	7.3x	7.8x
LTM book value	0.97x	2.28x	1.35x	1.16x
NFY earnings	7.8x	11.1x	9.3x	9.4x
Three-year average earnings	8.4x	12.0x	10.2x	10.3x

HLHZFA derived EV indications for ANFI by applying selected revenue, earnings and book value multiples to operating results for the 12 months ended December 31, 2002, projected revenues and earnings for the fiscal year ending approximately December 31, 2003, and three-year average revenues and earnings for the fiscal year ended December 31, 2002. Based on the above, the resulting indications of the EV of the operations of ANFI ranged from approximately \$130 million to \$150 million under this approach.



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After determining the EV of the operations of ANFI, HLHZFA made certain adjustments to determine equity value, including adjustments to reflect (i) certain debt obligations of ANFI, (ii) an adjustment to reflect control of ANFI, (iii) an adjustment to reflect contingent liabilities of ANFI, and (iv) the dilutive effect of certain stock options outstanding. After consideration of these adjustments, HLHZFA estimated the MVE of ANFI using the market multiple methodology to be in the range of \$146.3 million to \$167.3 million, or \$12.18 per share to \$13.93 per share, respectively.

*Comparable Transaction Methodology:* HLHZFA reviewed the consideration paid in certain change of control acquisitions of selected publicly-traded title insurance companies that HLHZFA deemed relevant. This analysis produced the following multiples in change of control transactions:

**Comparable Transaction Methodology**

	<u>Low</u>	<u>High</u>	<u>Mean</u>	<u>Median</u>
EV as a multiple of:				
LTM revenues	0.46x	0.80x	0.63x	0.58x
MVE as a multiple of:				
LTM earnings	10.5x	12.6x	11.5x	11.5x
LTM book value	1.8x	5.8x	3.6x	3.3x

In performing its analysis under this approach, HLHZFA considered that the merger and acquisition transaction environment varies over time because of, among other things, interest rate and equity market fluctuations and industry results and growth expectations. No company or transaction used in the analysis described above was directly comparable to ANFI. However, HLHZFA reviewed the foregoing transactions to understand the range of multiples of revenue, earnings and book value paid for companies in the title insurance industry.

HLHZFA derived EV indications of ANFI by applying selected revenue, earnings and book value multiples to certain operating results for the 12 months ended December 31, 2002. Based on this approach, the resulting indications of the EV of the operations of ANFI ranged from approximately \$154.7 million to \$193.4 million.

After determining the EV of the operations of ANFI, HLHZFA made certain adjustments to determine equity value including adjustments to reflect (i) certain debt obligations of ANFI, (ii) contingent liabilities of ANFI, and (iii) the dilutive effect of certain stock options outstanding. After consideration of such adjustments, HLHZFA estimated the MVE of ANFI, using the comparable transaction methodology, to be in the range of \$151.9 million to \$188.6 million, or \$12.65 per share to \$15.71 per share, respectively.

**Conclusion**

The aforementioned market multiple and comparable transaction methodologies provided HLHZFA with indications of the MVE for ANFI which ranged from \$12.42 to \$14.82 per share, compared to \$15.64 per share in the Merger (if the shareholder had sold the FNF stock received in the Merger on January 9, 2003 at the close of market on such date). Based on the above analyses, HLHZFA determined that the consideration to be received by the Unaffiliated Shareholders of ANFI in connection with the Merger is fair to them from a financial point of view.

**Assumptions**

As a matter of course, ANFI does not publicly disclose forward-looking financial information. Nevertheless, in connection with its review, HLHZFA considered financial projections. These financial projections were prepared by the management of ANFI. The financial projections were prepared under market conditions as they existed as of approximately December 2002 and ANFI's management does not intend to provide HLHZFA with any updated or revised financial projections. The financial projections do not take into account any circumstances or events occurring after the date they were prepared. In addition, factors such as industry

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performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of ANFI, may cause the financial projections or the underlying assumptions to be inaccurate. As a result, the financial projections may not be relied upon as necessarily indicative of future results.

In arriving at the Opinion, HLHZFA reviewed key economic and market indicators, including, but not limited to, growth in the U.S. Gross Domestic Product, inflation rates, interest rates, consumer spending levels, manufacturing productivity levels, unemployment rates and general stock market performance. The Opinion is based on the business, economic, market and other conditions as they existed as of January 9, 2003, and on the financial projections provided to HLHZFA as of such date. In rendering the Opinion, HLHZFA has relied upon and assumed, without independent verification that the accuracy and completeness of the financial and other information provided to HLHZFA by the management of ANFI, including the projections, was reasonably prepared and reflects the best currently available estimates of the financial results and condition of ANFI; and that no material changes have occurred in the information reviewed between the date the information was provided and the date of the Opinion. HLHZFA did not independently verify the accuracy or completeness of the information supplied to it with respect to ANFI and does not assume responsibility for it. HLHZFA did not make any independent appraisal of the specific properties or assets of ANFI.

The summary set forth above describes the material points of more detailed analyses performed by HLHZFA in arriving at the Opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and application of those methods to the particular circumstances and is therefore not readily susceptible to summary description. In arriving at the Opinion, HLHZFA made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, HLHZFA believes that its analyses and summary set forth herein must be considered as a whole and that selecting portions of its analyses, without considering all analyses and factors, or portions of this summary, could create an incomplete and/or inaccurate view of the processes underlying the conclusions set forth in the Opinion. In its analysis, HLHZFA made numerous assumptions with respect to ANFI, the merger, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the respective entities. The estimates contained in such analyses are not necessarily indicative of actual values or predictive of future results or values, which may be more or less favorable than suggested by such analyses. Additionally, analyses relating to the value of businesses or securities of ANFI are not appraisals. Accordingly, such analyses and estimates are inherently subject to substantial uncertainty.

## **Certain U.S. Federal Income Tax Consequences of the Merger**

The following discussion describes the material U.S. federal income tax consequences of the Merger that are generally applicable to the holders of ANFI stock pursuant to their exchange of such stock for FNF stock in the Merger. The discussion below:

is based on current provisions of the Internal Revenue Code of 1986, as amended (sometimes referred to as, the Code ), applicable Treasury Regulations, administrative rulings and pronouncements, and judicial decisions, all of which are subject to change, possibly with retroactive effect having a potential effect on the income tax consequences of the Merger;

does not purport to address all aspects of U.S. federal income taxation that may affect individual shareholders, optionholders or warrant holders in light of their particular circumstances; that are generally assumed to be known by investors; or that may affect shareholders or optionholders to which special provisions of the U.S. federal income tax may apply based on their particular circumstances or status (see Qualifications below);

assumes that the shares of ANFI common stock are held as capital assets; and

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assumes that the Merger and related transactions will take place in accordance with all of the terms and conditions of the Merger Agreement and as described in this document without the waiver or modification of any of those terms or conditions.

In addition, no information is provided in this document with respect to the tax consequences of the Merger under foreign, state, or local laws, nor the tax consequences of other transactions effected prior or subsequent to, or concurrently with, the Merger, whether any such transactions are undertaken in connection with the Merger, including without limitation any transaction in which shares of ANFI stock are acquired or shares of FNF common stock are disposed of, or the tax consequences of the assumption by FNF of the ANFI options or the tax consequences of the receipt of rights to acquire FNF common stock.

**ANFI SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, WHETHER GAIN, IF ANY, WILL BE TREATED AS CAPITAL GAIN OR A DIVIDEND, THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, AND OTHER APPLICABLE TAX LAWS, AND THE EFFECT OF ANY CHANGES IN THE TAX LAW.**

Neither ANFI nor FNF has requested, nor do they intend to request, a ruling from the IRS with regard to any of the tax consequences of the Merger. The opinion of counsel referred to below will not be binding on the IRS and there can be no assurance that the IRS or the courts will not take a contrary view.

FNF and ANFI expect that the Merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code and that for federal income tax purposes no gain or loss will be recognized by ANFI shareholders who exchange their shares of ANFI common stock solely for shares of FNF common stock pursuant to the Merger, except upon the receipt of cash by holders in lieu of fractional shares of FNF common stock. The Internal Revenue Service has not been and will not be asked to rule upon the tax consequences of the Merger. Instead, ANFI and FNF will rely upon the opinion of Stradling Yocca Carlson & Rauth to the effect that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. The opinion of Stradling Yocca Carlson & Rauth will be based upon the facts described in this proxy statement/ prospectus, and will be subject to certain assumptions, covenants and qualifications, including but not limited to the truth and accuracy of certain representations and covenants made in the Merger Agreement and other representations contained in certificates of officers of ANFI, FNF and FNF's merger subsidiary. The opinion of Stradling Yocca Carlson & Rauth will also be based upon the Code, regulations now in effect thereunder, current administrative rulings and practice, and judicial authority, all of which are subject to change, possibly with retroactive effect. Unlike a ruling from the Service, an opinion of counsel is not binding on the Service and there can be no assurance, and none is hereby given, that the Service will not take a position contrary to one or more positions reflected herein or that the opinion will be upheld by the courts if challenged by the Service. If any of those representations, qualifications, covenants or assumptions is inaccurate, or if any change in fact or law occurs, then the tax consequences of the Merger could differ from those described in such opinion.

A successful Internal Revenue Service challenge to the reorganization status of the Merger would result in ANFI shareholder recognizing taxable gain or loss with respect to each share of stock of ANFI surrendered, in an amount equal to the difference between the shareholder's basis in that share and the fair market value of that share, as of the effective time, of the FNF common stock received in the exchange. In that event, a shareholder's aggregate basis in the ANFI common stock received would equal its fair market value, and the shareholder's holding period for that stock would begin the day after the Merger.

Subject to the limitations and qualifications referred to herein, qualification of the Merger as such a reorganization will result in the following federal income tax consequences:

no income, gain or loss will be recognized by ANFI, FNF nor FNF's merger subsidiary solely as a result of the consummation of the Merger;

subject to the last item below, no gain or loss will be recognized by the holders of ANFI common stock upon the exchange of ANFI common stock solely for FNF common stock pursuant to the Merger;

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the aggregate tax basis of the FNF common stock received by an ANFI shareholder pursuant to the Merger, including any fractional shares deemed received as described in the last item below, will be the same as the aggregate tax basis of the ANFI common stock surrendered in exchange therefor;

the holding period of the FNF common stock received by a shareholder of ANFI pursuant to the Merger will include the period during which the ANFI common stock surrendered in exchange therefor was held by such ANFI shareholder, provided the ANFI common stock is a capital asset in the hands of the ANFI shareholder at the time of the Merger; and

cash received by an ANFI shareholder in lieu of a fractional share interest in FNF common stock will generally be treated as received in redemption of such fractional share interest, and an ANFI shareholder will generally recognize gain or loss, subject to the provisions and limitations of Section 302 of the Code, which gain or loss will be capital gain or loss provided the ANFI common stock was a capital asset in the hands of the ANFI shareholder at the time of the Merger. For United States federal income tax purposes, the gain or loss is measured by the difference between the amount of cash received and the portion of the tax basis of the share of ANFI common stock allocable to such fractional share interest.

*Record Keeping Requirements.* An ANFI shareholder who exchanges ANFI common stock for FNF common stock or who exchanges ANFI common stock for FNF common stock and cash (in lieu of a fractional share) in connection with the Merger will be required to retain records and file with that shareholder's federal income tax return for the taxable year in which the Merger takes place a statement setting forth all the relevant facts in respect of the non-recognition of gain or loss upon the exchange. The statement must include:

the shareholder's basis in the shares of ANFI common stock surrendered in the Merger;

the value of the shares of FNF common stock received, using the fair market value as of the effective time of the Merger; and

the amount of any cash received in the Merger.

*Backup Withholding Tax.* Under the Internal Revenue Code, an ANFI shareholder may be subject, under some circumstances, to backup withholding tax with respect to cash received in the Merger unless the shareholder complies with certain notification and identification requirements provided under the relevant provisions of the Internal Revenue Code. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against the shareholder's U.S. federal income tax liability.

*Qualifications.* As noted above, the foregoing discussion does not address aspects of U.S. federal income taxation that may be relevant to ANFI shareholders, optionholders or warrant holders to which special provisions of the U.S. federal income tax law may apply based on their particular circumstances or status. For example, the discussion does not address aspects of U.S. federal income taxation that may be relevant to:

dealers in securities or currencies;

traders in securities;

financial institutions;

tax-exempt organizations;

insurance companies;

persons holding shares of ANFI common stock as part of a hedging, straddle, conversion, or other integrated transaction;

persons subject to the alternative minimum tax;

non-United States persons; or

shareholders that exercise dissenters' rights.

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The preceding discussion sets forth the material U.S. federal income tax consequences of the Merger but does not purport to be a complete analysis or discussion of all potential tax effects relevant thereto. Thus, ANFI shareholders are urged to consult their own tax advisors as to the specific tax consequences to them of the Merger, including tax return reporting requirements, whether gain, if any, will be treated as capital gain or a dividend, the applicability and effect of U.S. federal, state, local, and other applicable tax laws, and the effect of any changes in the tax law.

## **Required Regulatory Filings and Approvals**

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the rules promulgated under the Hart-Scott-Rodino Act, FNF and ANFI cannot complete the Merger until they notify and furnish information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements are satisfied. FNF and ANFI filed the antitrust notification and report forms on January 23, 2003. On February 10, 2003, FNF and ANFI were notified in writing by the Federal Trade Commission of the early termination of the required waiting period for the Merger, effective February 10, 2003.

At any time before or after completion of the Merger, the Antitrust Division or the Federal Trade Commission could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the Merger or seeking divestiture of substantial assets of FNF or ANFI. Private parties may also bring actions under the antitrust laws under certain circumstances. Although FNF and ANFI believe that the Merger is legal under the antitrust laws, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Title insurance companies, including underwriters, underwritten title companies and independent agents, are subject to extensive regulation under applicable state laws. As an underwritten title company and an agent, ANFI is subject to regulation in California and Arizona. In California, ANFI is regulated by the Department of Insurance for the State of California and in Arizona it is regulated by the State Banking Department of the State of Arizona. National Title Insurance of New York, Inc., ( National ), a subsidiary of ANFI, is regulated by the Insurance Commissioner of the State of New York. National transacts business in a number of states.

FNF and ANFI do not believe that additional regulatory filings will be required for consummation of the Merger and are in the process of confirming the same with various authorities in the states of New York and California. Following the Merger, FNF believes preapproval regulatory filings will be necessary in connection with the conversion of ANFI's title and escrow operations to Tigor operations.

## **Resale of FNF Common Stock**

All shares of FNF common stock received by ANFI shareholders in the Merger will be freely transferable, except that FNF common stock received by persons who are deemed to be affiliates (as such term is defined in Rule 145 under the Securities Act) of ANFI at the time of the ANFI special meeting may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act (or Rule 144 under the Securities Act in the case of such persons who become affiliates of FNF) or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of ANFI or FNF generally include individuals or entities that control, are controlled by, or are under common control with, such party and may include certain officers and directors of such party as well as principal stockholders of such party.

Pursuant to the terms of the Merger Agreement, ANFI agreed to deliver to FNF a list of names of those persons whom ANFI believes to be affiliates of ANFI within the meaning of Rule 145 under the Securities Act. ANFI has agreed to use its commercially reasonable best efforts to cause each person who is identified as an affiliate in the list referred to above to deliver to FNF, within 30 days of the date the Merger Agreement is signed, an affiliate letter acknowledging that such person may be deemed an affiliate of FNF following the Merger and thus may be subject to certain restrictions of their ability to resell their FNF common stock. Such

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affiliate letter shall provide that the ANFI affiliate will agree not to sell, transfer or otherwise dispose of any shares of FNF common stock to be received by such person in or pursuant to the Merger, except in compliance with applicable provisions of the Securities Act.

This proxy statement/ prospectus cannot be used in connection with resales of FNF common stock received in the Merger by any person who may be deemed to be an affiliate of ANFI under the Securities Act.

## **Management and Operations Following the Merger**

Following the Merger, FNF will continue the operations of ANFI. Subject to any required regulatory approval and final business decisions to be made by FNF, FNF expects to convert the ANFI brand into FNF's Tigor brand, including by combining some of FNF's Tigor assets with the continuing ANFI operations. FNF expects the Board of Directors of the surviving corporation to be comprised of members of the Board of Directors of FNF. ANFI's shareholders will become stockholders of FNF, and their rights as stockholders will be governed by FNF's Certificate of Incorporation and Bylaws. See Comparison of Rights of ANFI Shareholders and FNF Stockholders.

## **Interests of Certain Persons in the Merger**

Certain members of ANFI's management have interests in the Merger that are different from and in addition to their interests as ANFI shareholders generally. The ANFI Board of Directors was aware of these interests and considered them in approving the Merger Agreement and the Merger.

William P. Foley, II, is currently a member of ANFI's Board of Directors and is also the Chairman of the Board of Directors and Chief Executive Officer of FNF.

Michael C. Lowther, Wayne D. Diaz, Carl A. Strunk and Barbara A. Ferguson are all directors and senior officers of ANFI. Mr. Lowther is Chairman of the Board and Chief Executive Officer of ANFI. Mr. Diaz is President of ANFI. Mr. Strunk is Executive Vice President and Chief Financial Officer of ANFI. Barbara A. Ferguson is Executive Vice President of ANFI. On or about January 20, 2003, as required by the Merger Agreement Mr. Lowther, Mr. Diaz and Ms. Ferguson entered into modifications of their existing employment agreements with ANFI (which will only become effective upon consummation of the Merger Agreement). The resulting employment agreements as modified are substantially identical to their current employment agreements with ANFI except that (i) the annual bonus for each individual for each of calendar years 2003, 2004 and 2005 will include a minimum guarantee equal to the bonus each such individual received for calendar year 2001, and (ii) each of Mr. Lowther, Mr. Diaz and Ms. Ferguson has waived his or her right to receive severance pay and other benefits by reason of the change in control of ANFI which will occur upon consummation of the Merger Agreement.

The existing employment agreement of Carl A. Strunk has not been modified. If Mr. Strunk terminates his employment with ANFI in connection with the Merger or if his employment is terminated after the Merger, or other change of control transaction other than for cause, then Mr. Strunk will be entitled to (i) his minimum base annual salary due to him through the date of termination of the employment agreement; (ii) severance in an amount equal to the product of (A) his annual base salary at the date of termination of employment plus any incentive compensation bonus and (B) the number of years (including partial years) remaining in the term of his employment pursuant to the employment agreement or one, whichever is greater; (iii) immediate vesting of all options not already vested; and (iv) the continuation of other employee benefits comparable to those to which Mr. Strunk was entitled at the time of determination. Mr. Strunk's employment agreement is for a term of three years beginning August 14, 2001. However, at the end of each year of the employment agreement, the employment agreement is automatically extended for an additional one year unless ANFI (or its successor in interest) or Mr. Strunk provides the other with prior written notice of the intent not to extend the term for an additional year. However, ANFI is entitled not to elect to extend Mr. Strunk's employment agreement only if ANFI or any of its subsidiaries fails to perform in accordance with the budgeted expectations for such entities in the employment agreement year in which the election not to renew occurs.

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On January 14, 2003, FNF entered into a written waiver with the ANFI holders party to the Voting Agreement, whereby FNF waived any rights it may have to enforce the transfer prohibition included in the Voting Agreement as it relates to the exercise of ANFI stock options and any subsequent sale of any shares of ANFI common stock received upon exercise. On January 16 and 17, 2003 Mr. Strunk and Ms. Ferguson elected to exercise ANFI options and collectively sold 170,700 shares of ANFI in order to begin to reduce their outstanding options to acquire ANFI shares as required by the Merger Agreement and to diversify their own personal investment portfolios. The other interested directors similarly may exercise their ANFI options and sell the underlying ANFI shares prior to the consummation of the Merger for similar reasons.

## **Indemnification and Insurance**

The Merger Agreement provides that FNF will maintain in effect in accordance with their terms all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Merger now existing in favor of the current or former directors or officers of ANFI and its subsidiaries as provided in their respective articles of incorporation or bylaws (or comparable organizational documents) and any indemnification agreements of ANFI. Directors and officers of ANFI who become directors or officers of FNF will be entitled to the same indemnity rights and protections as are afforded to other directors and officers of FNF. The Merger Agreement further provides that, immediately prior to the closing, ANFI shall purchase one or more single payment, run-off policies of directors and officers liability insurance covering acts or omissions occurring prior to the Merger with respect to those persons who are currently covered by the ANFI s directors and officers liability insurance policies on terms with respect to such coverage and amount no less favorable than the terms of the current policies of ANFI, such policy (or policies) to become effective at the Merger and to remain in effect for a period of six years after the completion of the Merger, provided, however, that prior to purchasing such insurance, ANFI shall have consulted with FNF to determine whether FNF can obtain such coverage on more favorable terms. If such coverage is unavailable, for six years after the Merger, FNF shall provide to ANFI s directors and officers liability insurance covering acts or omissions occurring prior to the Merger with respect to those persons who are currently covered by ANFI s directors and officers liability insurance policies on terms and in amounts no less favorable than those existing upon the Merger.

## **Expenses**

The Merger Agreement provides that whether or not the merger is consummated, all fees and expenses incurred in connection with the Merger shall be paid by the party incurring such expenses, except that (i) each of FNF and ANFI shall bear and pay one-half of the costs and expenses incurred in connection with the printing of this proxy statement/ prospectus, as well as the SEC filing fees related thereto, and the HSR filings and (ii) if the Merger is consummated, the surviving corporation shall pay, or cause to be paid, all state, local, foreign or provincial sales, use, real property, transfer, stock transfer or similar taxes (including any interest or penalties with respect thereto) attributable to the Merger.

## **Pending Litigation**

*Jones v. American Title Company* L-03904 Alameda County Superior Court.

Plaintiff, a former employee has sued American Title Company (a wholly-owned subsidiary of ANFI) claiming that he was wrongfully terminated. Plaintiff alleges that his termination was based on breach of employment contract and age discrimination. Plaintiff has not specified the amount of damages he is seeking. Some discovery has been undertaken. The parties have tentatively agreed to mediate the dispute.

*Mara Escrow Company v. American Title* L9051 Los Angeles County Superior Court.

Plaintiff sued American Title and four of its employees for conversion, unfair competition misappropriation of trade secrets, and breach of fiduciary duty. Plaintiff alleges that its former employees, prior to leaving and becoming employees of American Title, copied or took over 500 files without their authorization in violation of their fiduciary duties.

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*Lawlor v. National Title Ins. Co. of New York, Inc.* L9127 Supreme Court of the State of New York, County of Nassau.

This is a class action. Plaintiff contends that National Title, a wholly owned subsidiary of ANFI, over charged filed rates on policies issued to owner s in conjunction with residential refinancing. The action was filed in July, and no response has yet been filed. ANFI management intends to vigorously defend this action.

### *Wage and Hour Claims*

In mid-September ANFI was advised that counsel for an employee of ANFI was considering bringing an action for his client (and all parties similarly situated) for alleged violations by the Company of Labor Code provisions pertaining to overtime pay. No action has been filed. Counsels for the parties are discussing the dispute, and the possibility of resolving it through alternative dispute resolution.

### *Insurance Department Examination*

In June 2001, auditors from the State of California, Department of Insurance commenced a market conduct examination of American Title Company a wholly-owned subsidiary of ANFI. Similar examinations have been or are being conducted for virtually all companies in the title insurance business. The examination is not yet complete. ANFI is unable to determine if an unfavorable outcome is either probable or remote; however, the management of ANFI does not believe that any outcome will have a materially adverse effect on its consolidated financial statements.

### *Shareholder Litigation*

Beginning on January 17, 2003 and continuing thereafter, three lawsuits have been filed in the Superior Court of the State of California County of Orange on behalf of a purported class of public shareholders of ANFI relating to FNF s and ANFI s announcement that they had entered into the Merger Agreement to effect the Merger described in this proxy statement/prospectus. The California actions are captioned Gary Schneider v. Fidelity National Financial, Inc., et al., Case No. 03CC00017; Caron Rossi v. Michael C. Lowther, et al., Case No. 03CC00021; and Peter Miller v. Michael C. Lowther, et al., Case No. 03CC00018. The actions generally name as defendants FNF and the members of the ANFI Board of Directors, and generally allege that the consideration FNF is offering to ANFI s public shareholders in the Merger is inadequate and unfair, that the individual defendants breached their fiduciary duties to ANFI s public shareholders in the formulating and agreeing to the terms of the Merger and that FNF aided and abetted such breach of fiduciary duties by the individual defendants. The actions seek to proceed on behalf of a class of ANFI shareholders other than the defendants, seek preliminary and permanent injunctive relief against the consummation of the Merger, seek monetary damages in an unspecified amount and seek recovery of plaintiffs costs and attorneys fees. These actions are in their earliest stages. FNF and ANFI believe that the allegations are without merit and intend to defend against them vigorously.

The description of these shareholder actions is qualified in its entirety by reference to the allegations in the complaints, which FNF has filed with the SEC as exhibits to the registration statement of which this proxy statement/ prospectus is a part and which are incorporated by reference into this proxy statement/ prospectus.

## **Accounting Treatment**

The Merger will be accounted for using the purchase method in accordance with Statement of Financial Accounting Standards No. 141 Business Combinations . Accordingly, the assets and liabilities of ANFI not already owned by FNF will be recorded on the books of FNF at their respective fair values at the effective time of the Merger, with the excess of the purchase price, if any, allocated to goodwill.

## **THE MERGER AGREEMENT**

The following describes certain aspects of the proposed Merger, including material provisions of the Merger Agreement. Because this discussion is a summary, it may not contain all of the information that is important to you. To understand the Merger fully, and for a more complete description of the legal terms of



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the Merger, you are urged to r